FOREIGN Commerce Weekly

Vol. VI, *No.* 8 *February* 21, 1942

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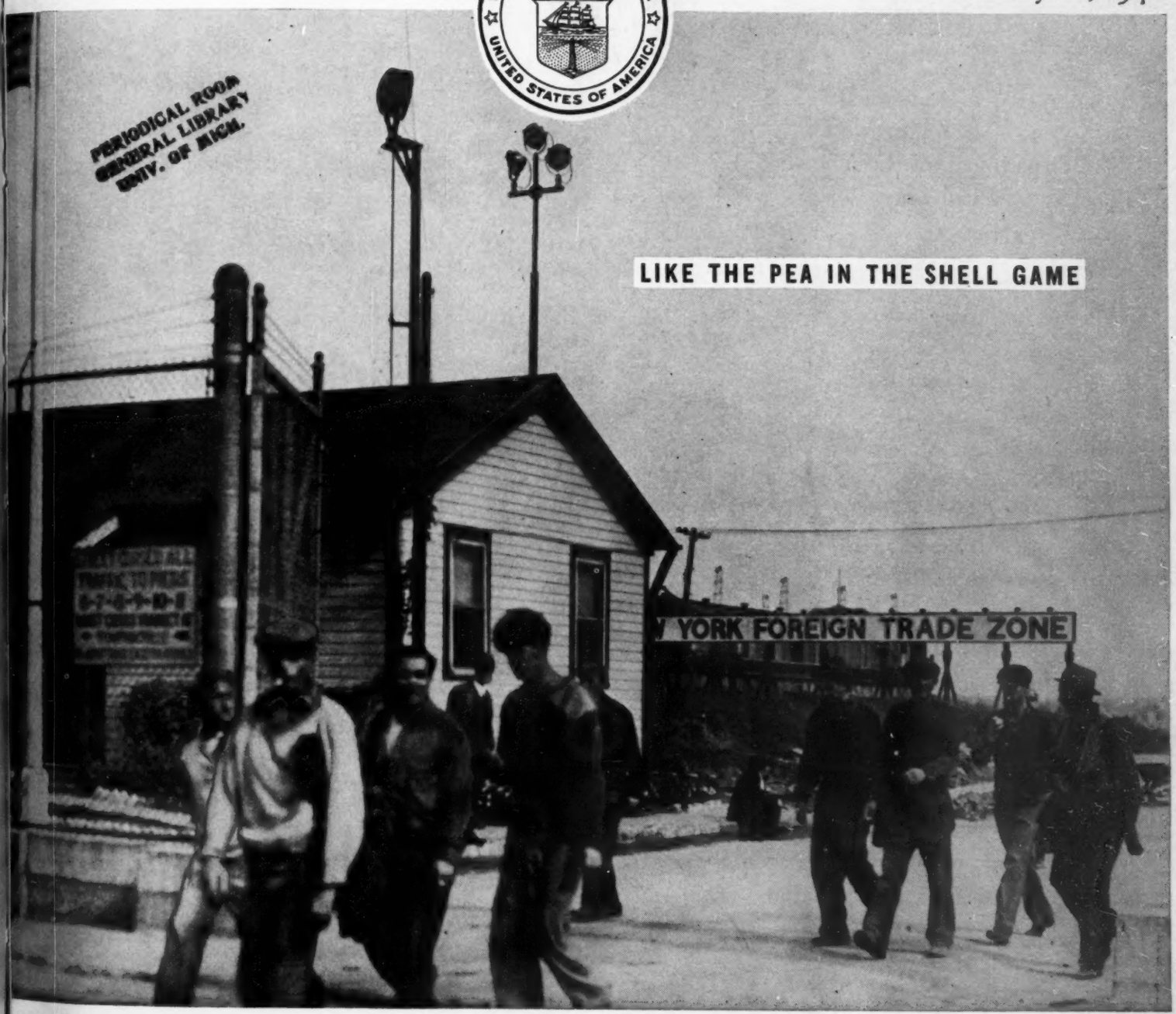

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DEPARTMENT OF COMMERCE

JESSE H. JONES, Secretary

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Like the Pea in the Shell Game

By CARTER R. BRYAN, *Department of Commerce*

Dr. Li led the way. At each of the mechanical monsters in the tungsten refinery were one, sometimes several, of his Chinese countrymen, each wearing a gas mask. "These men are all highly skilled technicians, educated," Dr. Li said, "in American universities." Beside the machines stood metal drums containing bluish-gray granules or buff-colored powder; this was the precious tungsten ore.

Tungsten for the Lamps of America

As we walked through the plant I could not help mentally paraphrasing Alice Hobart's book title "Oil for the Lamps of China" into "tungsten for the lamps of America." The use of metallic tungsten for electric-lamp filaments is well known, yet this use consumes only a small part of the tungsten produced in China and shipped to the United States. Between 3 and 4 tons of tungsten concentrates containing 60 percent tungsten trioxide will make the filaments for 100,000,000 lamps. In the transition from the carbon to the tungsten filament numerous metals have been tried, but only a few were moderately successful.

In the present state of development of electric lighting the average efficiency during the life of a tungsten-filament lamp is 4½ times that of the carbon-filament lamp. Leaving out of consideration miniature lamps, there are consumed annually in the United States alone over 15,000,000,000 of kilowatt-hours of electrical energy for illumination at a cost to the consumer of approximately $800,000,000.

If the same level of illumination were maintained in the United States by the use of carbon lamps, assuming the same average cost to the consumer, an additional expenditure of $2,900,000,000 would have to be made. Incidentally, this amount would more than buy all the pig iron and nonferrous metals produced in the United States in a year.

It is of course obvious that if we were still using carbon lamps we would not enjoy the present level of illumination. If we had, however, the present level of illumination with carbon lamps, and assuming no other material except tungsten to be available to replace carbon, we could afford to pay about $330,000 per pound for tungsten and still obtain our light at the same cost.

The actual cost of tungsten at the present time is about $1.25 per pound. This is only one illustration of the general proposition that the cost of a metal to the consumer is a function of its concentration in the earth's crust and its ease of recovery rather than its value to industry.[1]

[1] Zay Jeffries, Engineering and Science in the Metal Industry: Mechanical Engineering, vol. 48, 1926, p. 8.

However, it must by no means be thought that bringing tungsten from such scattered points of the earth as Malaya, Bolivia, and China is today a simple operation. Malaya is in Japanese hands; Bolivian ore is of poor quality and exceedingly difficult of access. The importance of the Burma road as China's connection with the rest of the civilized world and as a port of entry for arms for her defense are well known. But the saga of those thousands of Chinese trudging 700 miles, two-by-two, with a pole from which is suspended a wicker package containing between 100 and 125 pounds of the tungsten ore between them, is not so well known.

In excellent English, Dr. Li, after telling us of America's enormous wartime requirements, explained each step of the refining process. He told us how the ore is concentrated and the bulk of its impurities removed. "Before the war this operation was carried on exclusively in Germany and England," he said, "now, this refinery, which would take a year to replace, is the only plant which is easily accessible."

The residue is further reduced and all useful materials recovered. Even the dust-laden air is drawn through a filter so that none of the precious metal is lost. As in China, nothing is wasted.

I say "as in China" because this unique plant is at the New York Foreign-Trade Zone and not in China. Here a total of 6,250 tons of tungsten valued at $6,600,000 were received in 1941, and only here can such operations, vital to the national interest, be carried on 24 hours per day without assignment of special customs inspectors.

But like the pea under the walnut shell in the old shell game, the Zone is, and yet in a sense *is not*, in the United States. "A foreign-trade zone is a vestibule, located on American soil and giving employment to American labor, but outside of the customs territory of the United States." This was how the Zone was described by Walter Heddin in 1934 while testifying before the Ways and Means Committee of the United States House of Representatives.

Origin and Functions of the Foreign-Trade Zone

Free-trade ports have their origin in European economic history. Until recenty there were 43 such ports throughout the world. Their establishment may be traced to the sixteenth century, when the burdens imposed upon commerce by each individual city led to the formation of the Hanseatic League and the free flow of trade without duties.

The conception of the modern free port or foreign-trade zone, however, does not

Ambassadors of Good Will—Brazil Nuts.

antedate 1883. By that year, customs tariffs individually imposed by cities had been superseded by a general, all-inclusive tariff. Opportunities for smuggling and general customs evasions in the free cities impeded the administration of these customs laws. This necessitated the abandonment of the city type of free port, an entire city, until then, operating as a free-trade port.

Instead of an entire city's functioning as a free port, the zone type of free port was organized. This latter type consisted of segregated, fenced, and guarded areas within a city. These zones took their place in the newly developed customs barrier system. Today no wholly free port of the city type prevalent prior to the nineteenth century remains in continental Europe. Therefore, although customs requirements generally apply to such a port, consisting sometimes of one or more cities, there is a segregated area or zone within the port that is relieved of customs formalities.

The primary function of such a zone in a country operating under an import tariff is to permit within a small specified area the handling and processing of cargoes to be reexported or brought into domestic commerce after such manipulation, without the payment of duties until such entry is made. Hamburg, Genoa, and Copenhagen formed the vanguard of the modern type of free port. In a country with limited or no tariff schedules, such as Great Britain and the Netherlands, free ports are unnecessary.

Incidentally, it is interesting to note that no country with a high tariff policy ever became, at the same time, a great commercial nation unless they set up zones of a free-port character. Free-trade countries are in themselves free ports.

In any tariff country and particularly in the United States, the complicated procedures involved in clearing imports through customs require specialists (called "customs brokers") trained in this service. For fees varying with the nature of both the service and the commodity, the customs broker prepares the necessary papers, makes formal customs entry of the goods, procures bonds and takes any other necessary action.

If the goods are not for immediate consumption or for immediate transshipment either to a foreign country or to another customs district, the importer may, at his own expense and risk, place his merchandise in a bonded warehouse for a period not exceeding 3 years. Although he need not pay the duty on the merchandise, such duty is estimated upon the warehouse entry; and the importer is required to file with the collector of the port a bond in double the amount of the estimated duty. Such an application consumes the importer's time and credit. Merchandise, although destined ultimately for transshipment, must nevertheless be transferred in the first instance from the pier to a bonded warehouse by bonded trucks or lighters at the expense of the importer.

When he withdraws goods from the bonded warehouse for exportation at a later date, he must make such exportation under the original marks of importation and furnish a bond that the goods will be landed outside the United States.

Should the importer pay the duties upon the commodity (instead of posting a bond) and retain it continuously in a bonded warehouse, or otherwise in the control or custody of customs officials, he may later withdraw it for transshipment within a 3-year period from the date of importation. Upon such withdrawal, 99 percent of the duty paid on the commodity is returned by the Government to the importer. Similarly, in the case of articles manufactured or produced in the United States in conjunction with imported merchandise but later exported in the combined state, the duties paid on the imported merchandise, if previously arranged with customs, are refunded except for the 1 percent deduction.

Red Cross Prisoner's Package.

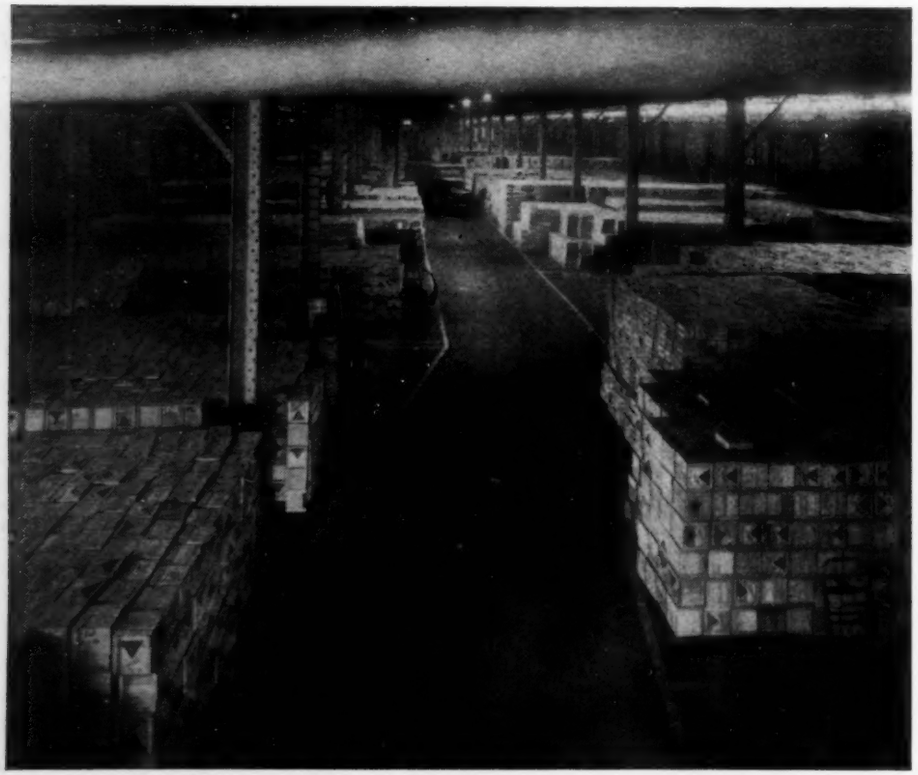
The procedure described in the preceding paragraph is known as the "drawback." It is a vital index of the two-way movement of foreign commerce in the United States—import for reexport. There is naturally considerable inconvenience in complying with the customs regulations which, when compiled, constitute over 750 pages. Frequently, delays in securing the settlement of drawback claims have induced exporters to waive their rights to reimbursement.

These restrictions and formalities were not calculated to encourage trade and commerce in this country. Opportunities for freedom in the manipulation and transshipment of cargoes which were available in at least 43 strategically located foreign free ports placed this country in a clearly disadvantageous position for competition with European trade centers.

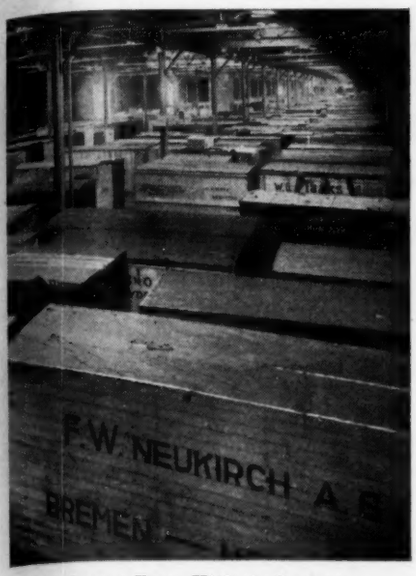
Such was the economic background that led to the agitation and original overwhelming support in 1934 for the establishment of the American prototype of the foreign free port.

The Celler Bill

The heart of the legislation establishing the foreign-trade zone was contained in section 3 of Congressman Emanuel Celler's bill. Foreign and domestic merchandise of every description was permitted to be brought into the zone and there "stored, exhibited, broken up, repacked, assembled, distributed, sorted, refined, graded, cleaned, mixed with foreign



Product of "Good-Neighborliness"—Argentine and Uruguayan Beef.



Refugees From Hitler's Germany.

or domestic merchandise, or otherwise manipulated, but not manufactured."

As contemplated by the act, the New York foreign-trade zone is an isolated, enclosed, and policed area, under Federal supervision, operated as a public utility by a corporation on Staten Island, a port of entry, without resident population. It is furnished with the necessary facilities for lading and unlading, for storing goods, and for reshipping them by land and water.

The zone is an area into which goods may be brought, stored, and subjected to certain specified manipulation operations. If reshipped to foreign points, the goods may leave the restricted trade zone without payment of duties, and without the intervention of customs officials, except under certain conditions.

Such products cannot, of course, leave the trade zone for domestic use or consumption without full compliance with existing customs laws. Goods may not be manufactured or exhibited in such an area, but may be "broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated."

The foreign-trade zone is subject equally with adjacent regions to all the laws relating to public health, vessel inspection, postal service and immigration. Further, the zone is subject to the limited supervision of Federal agencies having jurisdiction in ports of entry, including customs.

First to take advantage of the facilities of the New York foreign-trade zone were the importers of split peas. Several advantages were immediately perceptible to the importers of this commodity. First among these was the result of the fact that split peas may be imported at a lower per pound duty rate than whole peas. This operation is now carried on in the zone before being admitted for customs.

As a by-product of this process, the customs cost on the weight of the hard outer shell of the individual pea which is removed in splitting, is saved. Further, defective peas and foreign material such as dirt and stones are removed. The savings is considerable and the operation, if it were not possible to perform in the zone, would be carried on somewhere abroad, with resultant loss of employment to Americans.

Zone as Good-Will Ambassador

Importers of numerous other food products soon understood the zone's advantages. Each year thousands of tons of Brazil nuts pass through the New York zone (last year, $796,000 worth). In the zone, the nuts are dried, graded, and sorted. Bad nuts, a total loss to the purchaser, are destroyed, and only good nuts are reexported or sold to the American consumer.

Because of the need for constant and full ventilation during the conditioning process the zone warehouses, well-fenced and under constant guard, are best adapted to this use. Here the warehouse doors on both sides, and running the full length of the pier, may be kept open day and night during the entire operation.

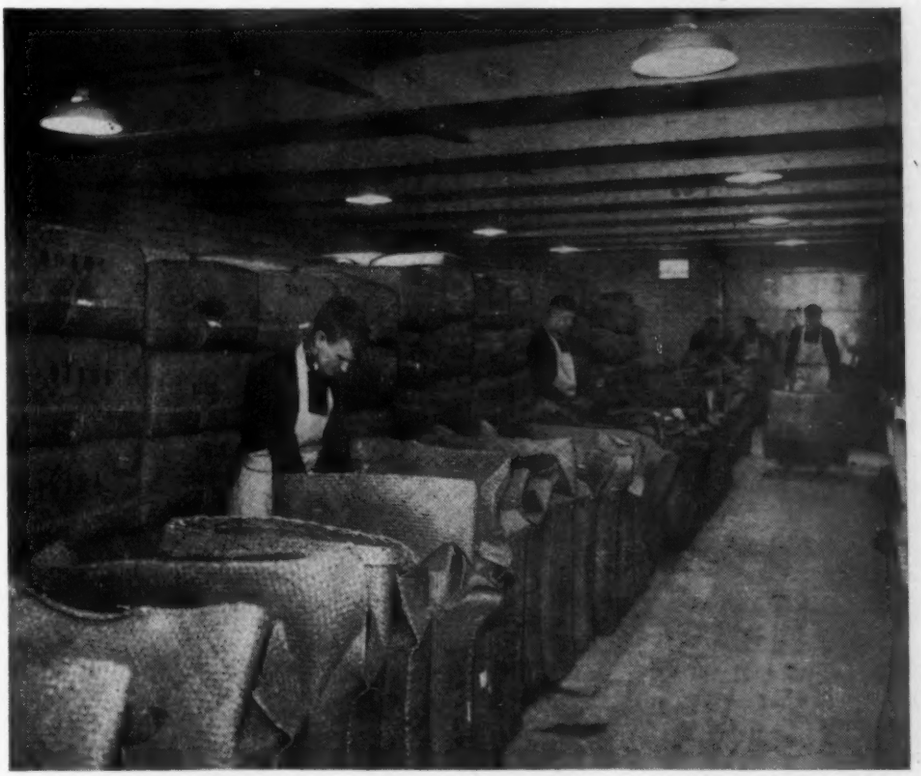
Nor should it be thought that the advantage is limited to the importer and handler and is of no national importance. More than one-third of all the exports of the vast Amazon River Basin, comprising 37.5 percent of the entire area of Brazil, are made up of this one item, Brazil nuts. About three-fourths of this entire amount are shipped to the United States. The importance of the zone in facilitating this trade is not forgotten by those Brazilians who appreciate our "good-neighbor" policy.

The zone has facilitated the good-neighbor policy in other ways. It will be recalled that all the coffee imported into this country from the other American republics is admitted under quota. Even after a country's quota has been filled, however, it is often convenient to continue to ship coffee. Availability of shipping, in the future, cannot be guaranteed. The over-quota coffee cannot, however, be admitted to the United States. At this point the zone, as in many similar cases, solves the problem. The coffee is warehoused, as was $364,000 worth in 1941, in the zone until the new year's quota is opened.

And there are numerous other items. In 1941 the zone received Brazilian cotton valued at $9,387,996. The cotton, excluded from entry into the United States by the Department of Agriculture and a quota, was in transit to China, Great Britain, and Canada. Again American labor and American business benefits as a result of handling and storage charges.

Yet another instance of the zone's usefulness in achieving our good-will policy is to be found in the procedure followed in importing Argentine canned beef. Imported from Argentina in unmarked tins in large cases, the meat unloaded in the zone, is inspected, and that which cannot meet rigid Bureau of Animal Industry specifications is reexported or destroyed. The approved tins are then labeled to conform to the purchaser's brand-mark requirements and opening keys are attached. The tins are then repacked in the purchaser's private-mark cartons and made ready for quick distribution to retail branch stores throughout the country. In these latter operations American materials are used. The total value of Argentine and Uruguayan

(Continued on p. 26)



With Sumatra Tobacco the Dutch Help Smoke Out the Japs.

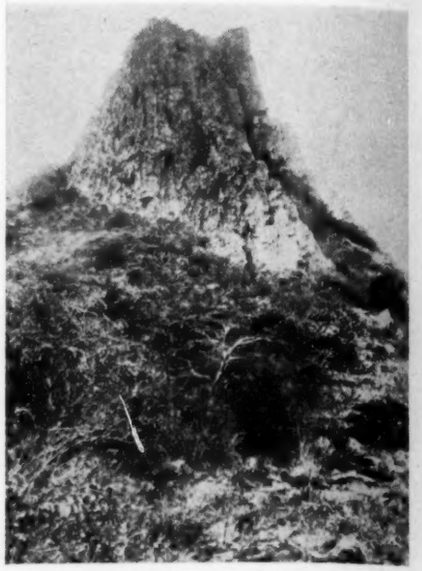
Brazil—Arsenal of

The United States has been called the Arsenal of Democracy for the United Nations. To meet the needs of the Arsenal, Uncle Sam requires strategic raw materials from the other American Republics. The nations of South and Central America can serve as an *Arsenal of Strategic Materials*. Brazil, because of its resources and industrial development is in a particularly strong position to fill this role.

The battles raging in the Pacific already have seriously reduced supplies from former normal sources. Since the great industrial plants of the Arsenal of Democracy are to function at capacity to make the weapons to win the war, the vast resources of the Americas have become essential to the embattled United Nations in their struggle against the forces undermining civilization.

It has become increasingly evident that the shape of the war effort has developed into four definitive phases: (1) The Battle for Raw Materials; (2) The Battle of Increased Production; (3) The Battle of Supply Lines; and (4) The Battle of Military Forces.

Brazil—Map of Federated Units, Capitals, and Principal Ports, Rivers, and Railways.



Itabira—A Peak of Iron Ore.

Each is consecutively dependent upon the other for ultimate military success. Failure to function in any one of the first three phases may result in default of the all-important fourth phase.

Brazilian materials are a factor affecting the eventual outcome of all four battles. They are becoming increasingly available to the United States armament industry. The Brazilian merchant fleet, second largest in the Western Hemisphere, is an important adjunct to inter-American transportation.

The Third Meeting of Ministers of Foreign Affairs of the American Republics, held at Rio de Janeiro in January, took note of the extraordinary significance of strategic materials in the maintenance of Continental solidarity.

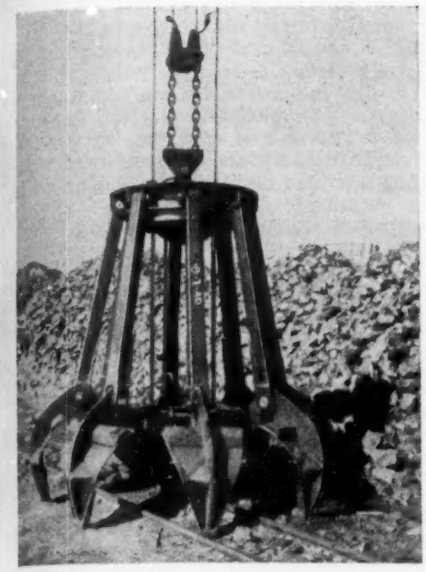
The meeting recommended:

That as a practical expression of continental solidarity, an economic mobilization of the American Republics be effected, with a view to assuring to the countries of this hemisphere, and particularly to those at war, an adequate supply of basic and strategic materials in the shortest possible time.

The Foreign Ministers resolved also:

To recommend that all the nations of this continent have access, with the greatest possible degree of equality, to inter-American commerce and to the raw materials which they require for the satisfactory and prosperous development of their respective economies, provided, however, that they shall give preferential treatment to the nations at war for equal access to materials essential to their defense; and that, in agreements which may be concluded, the essential needs of other American countries be considered with a view to preventing dislocations of their domestic economies.

Strategic Materials



Made in Brazil.

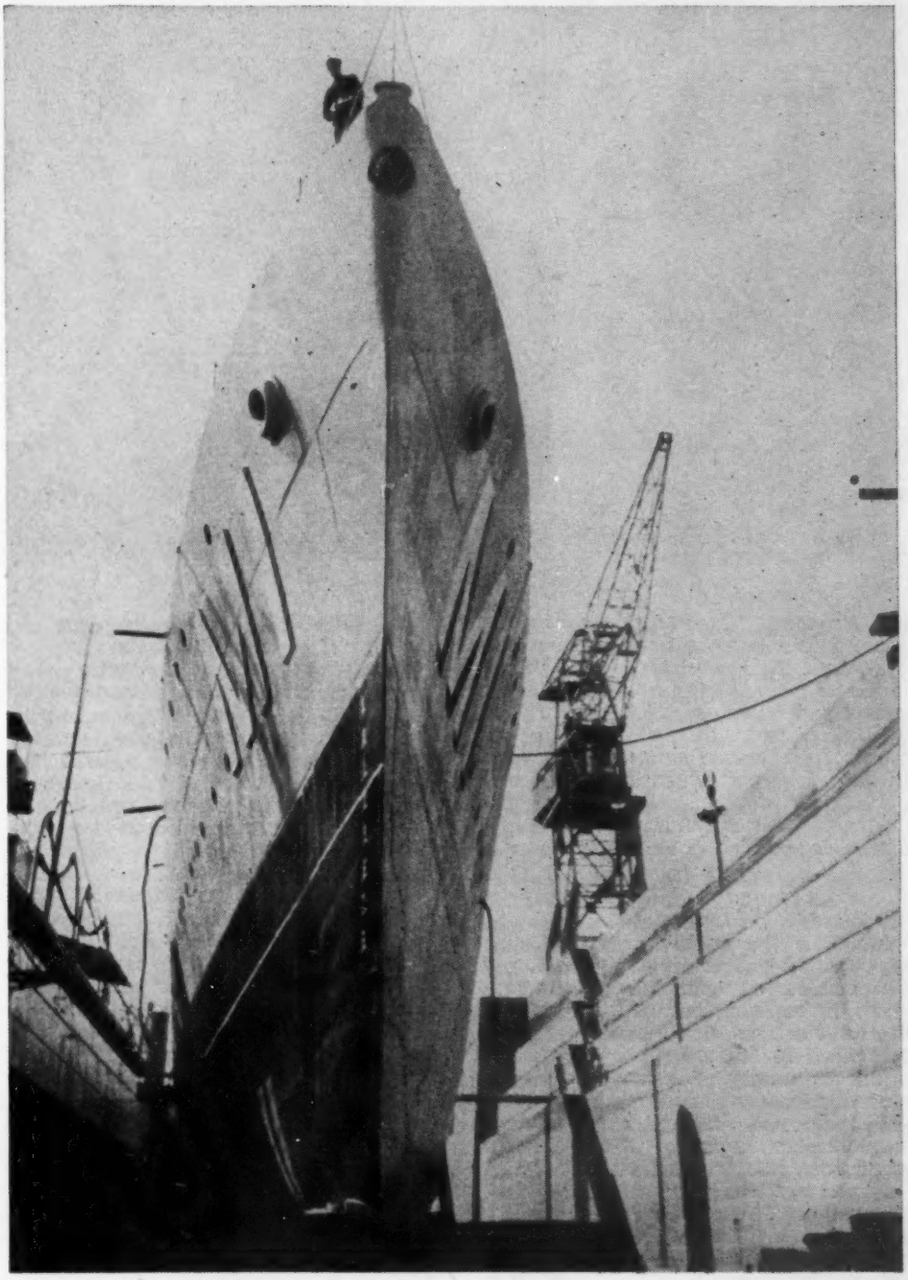
These resolutions appeared especially opportune in reference to Brazil, fourth largest nation of the world, and gifted with illimitable resources. Brazilian boundaries touch 9 of the 10 countries and the 3 Guianas on the Continent. Sprawling across a great continent, it is a vast storehouse of a myriad of resources. Experts express the opinion that Brazil could ultimately support 900,000,000 people. Its present population is 45,000,000.

In area and population, Brazil, represents almost half of South America. It is expected to be a crucial factor in supplying vital materials for the manufacture of armaments needed in the great struggle that lies ahead. Indeed, as a result of agreements and understandings reached at the recent Inter-American Conference of Foreign Ministers in Rio de Janeiro, in which Brazil played a very important part, that country can be depended upon to contribute a substantial share of these vital materials to the common cause.

One purpose of the Rio de Janeiro Conference was to get small mineral holdings into production. That will require more money, but chiefly it will require machinery and technical skill of which the other American republics not now are well supplied. It also will require daring experimentation in the use of water power as a substitute for coal in mineral processing, for Central and South America have only low-grade coal and not too much of it.

The United States already is Brazil's best customer. In 1940 Brazil sold the United States $127,419,858 worth of exports, representing 42.3 percent of its total export volume. At present Brazil's principal exports are coffee, raw cotton, meat, hides and skins, cacao, carnauba wax, castor seed, precious and semi-precious stones, and vegetable oils. Brazil also finds the United States market its most dependable source to purchase manufactured products. In 1940 it purchased a total of $156,051,900, representing 51.9 percent of its total imports.

Brazil's vast mineral resources scarcely have been scratched. They are not even fully known, since the country has regions which have not been completely explored. Brazil, however, already has developed important production of many minerals and other materials of great strategic value to a world at war. Its mineral production has multiplied eight times in the last decade. Its industrial capacity has tripled during this period. Its textile output increased threefold. Its agricultural production is tremendous—although only 3 percent of the



Shipbuilding.

nation's arable land is now being cultivated.

The Army and Navy Munitions Board lists 14 strategic materials "for which strict conservation and distribution control measures will be necessary." These materials are antimony, chromium, coconut-shell char, ferrograde manganese, manila fiber, mercury, mica, nickel, quartz crystal, quinine, rubber, silk, tin, and tungsten. Four of these products are existent in potentially great quantities in Brazil. They are: Rubber, manganese, mica, and bauxite. Some of these products are at present, and have been for months past, streaming into United States armament industries as fast as available ships can haul them.

Most of the vegetable, animal, and forest products found in other tropical

Vegetable Oil Palm.

and temperate New World countries are there, plus a large number peculiar only to Brazil. The country possesses mineral resources of almost every category except natural sulfur and borax. It has two products with special properties which are seldom found anywhere else in the world, and which are vitally important for modern mass-producing industries. They are industrial carbonado diamonds and high-grade quartz crystals.

Quartz Crystals

Brazil is the world's only source of high-quality quartz crystal in substantial commercial quantities. For many years before the war British, United States, Japanese, and German buyers contended for the supply of "Brazilian pebbles" emanating from the remote hinterland regions and transported by muleback, boat, rail, and plane. Brazil may ultimately supply all of Uncle Sam's requirements of this product.

Quartz crystals are strategically valuable because of their electrical and optical properties. They are used for radios, television units, telephones, depth-sounding instruments, ballistics apparatus, detonation measurement detectors, periscopes, direct-reading seismographs, submarine windows and gun sights, precision instruments of all kinds, including prisms, lenses and scientific and laboratory equipment.

Industrial Diamonds

Brazilian industrial diamonds have been found so suitable for industrial processes that the Metals Reserve Corporation, a subsidiary of the United States Federal Loan Agency, recently agreed that the United States purchase a maximum of 300,000 carats annually from Brazil for 2 years. Potential interference with trade routes from African sources of industrial diamond supplies may require early purchase of the maximum figures set in the agreement and perhaps even larger amounts.

Industrial diamonds represent a key priority for all industrial nations involved in the European and Asiatic conflicts. While ships, tanks, airplanes, and oil make the headlines, because of their vital use in modern warfare, little has been known about the industrial functions of these shining pebbles and the vast implications which the production and control of them mean to industrial nations.

Former Axis purchases have run prices high in recent years, and it is an open secret that large quantities of industrial diamonds were until very recent times shipped to Europe over the Italian L. A. T. I. trans-South Atlantic airline. L. A. T. I., however, has been forced to discontinue operations and the last Axis source of this essential product from the Western Hemisphere has been dried up. The Axis powers are reported to have been forced to use gem diamonds, confiscated from their own Nationals or from conquered nations.

The myriad direct and indirect uses for commercial diamonds in hemisphere defense required the United States to import from various sources in 1940 approximately three-quarters of a ton of these stones (3,908,071 carats). This figure, compared with 263,484 carats imported in 1933, indicates the vastly increased demand and importance of the gleaming stones.

The greater importance of diamonds in war and defense industries is due to two factors. First, some of today's metal alloys are many times harder than metals previously used, and nothing but a diamond-pointed tool will cut such metals satisfactorily. Second, only the unyielding diamond can withstand the pressure necessary in modern industrial production. The uses of diamonds in war industries have so increased in recent years that diamond-pointed tools do the work in practically every operation involving smooth "finish cutting" on metals.

Uses

Some of the more important industrial fields in which diamonds are used: In lathe tools for rapid and accurate machine finishing of metals; in dressing and truing abrasive wheels: in turning tough, fibrous, molded materials; in boring crowns for core drills used in rock drilling; in circular saws for stone cutting; in diamond cutting points for drilling holes in glass and porcelain; for etching and engraving; for cleaving other diamonds and for glass cutting. Other uses are as pivot supports for large-capacity electric meters and as reproducing points in making master phonograph records.

While recent United States industrial diamond imports from Brazil have not exceeded 250,000 carats in any 1 year, the potential expansion of Brazilian mines to peak capacity is yet to be achieved. With current prices of industrial diamonds rising wildly since the outbreak of the Second World War marginal and secondary producing mines in Brazil soon may be developed more extensively.

The powerful motors of massive tanks and light military reconnaissance trucks owe their watch-fine, sturdy operating mechanisms to the action of diamond-dust finished pistons, connecting rods, and main bearings. The inside of a submarine's torpedo tubes are finished with diamonds to mirror-like smoothness. They machine the magnesium alloy sleeves used in the hydraulic gun turrets of powerful modern battleships. If it were not for their remarkable qualities, finishing the bores of huge 18-inch coast defense guns would be an immensely longer and more costly process.

Mountain of Iron

In the State of Minas Gerais (General Mines) there is a giant mountain of iron. Experts estimate that it contains between 12 and 15 billion tons of iron ore of the highest grade—equal to the best produced by Sweden. This deposit is considered the largest in the world. Lack of quality grade coal, transportation facilities, and large steel plants has prevented development of this area up to the present.

Negotiations recently completed by Secretary of Commerce Jesse Jones, as

United States Federal Loan Administrator, with the Brazilian Government resulted in a loan by the Export-Import Bank of $20,000,000. The Brazilian Government, which has added $25,000,000 to this loan, is building a steel plant at Volta Redonda in the State of Rio de Janeiro. This town has easy accessibility and is located midway between Brazil's capital, Rio de Janeiro, and the City of Sao Paulo, the "Pittsburgh of Brazil," and the mining regions.

Recent reports indicate that priority in the purchase of material for the construction and installation of Brazil's Volta Redonda plant has been granted the Companhia Siderurgica Nacional (National Steel Co.) under recent governmental decree. Terms of the decree stipulate, among other things, that producers are obliged to sell materials needed in the construction, within their production or stock capacities, in quantities needed by the company in the regular work now being carried out at the Volta plant.

Production of pig iron in Brazil rose from 21,000 tons in 1926 to 97,000 tons in 1937, and that of steel from 9,500 to 76,000 tons during the same period. Some Brazilian iron and steel products are rails, ironplate, nails, screws, agricultural implements and metal fencing. Most plants are in the States of Minas Gerais, Rio de Janeiro, and Sao Paulo. With the establishment of the new steel plant, and full utilization of its vast iron-ore deposits, Brazil's industrial future looks bright.

Other Essential Minerals

The coal reserves of Southern Brazil have been estimated at as high as five billion tons. Although the coal has a considerable ash and sulfur content, it is still found to be commercially useful.

While Chile long has been known as a prolific source of copper, large unworked copper deposits are reported to exist in Brazil. Brazilians hope to exploit these hitherto untouched sources in the near future.

The recent campaign for aluminum has concentrated the attention of the United States public on the importance of bauxite ore, from which aluminum is made. The protective military units of the United States Army dispatched to aid the Dutch in guarding Surinam (Dutch Guiana) and its indispensable bauxite deposits emphasize the importance of this product. Brazil, too, is a leading producer of bauxite ore and its production is expected to augment that of Dutch Guiana as well as British Guiana, where bauxite also is produced.

Brazil is the second largest producer of chrome ore in the Western Hemisphere. The United States has only a small production and must import large quantities of chrome for the manufacture of high-grade steel. Chief sources of supply in the past have been the Philippines, Turkey, and Southern Rhodesia in Africa. Brazil's production, though not yet large, is increasing rapidly under the stimulus of Uncle Sam's purchases for military requirements. The nation's enormous chrome ore reserves are estimated at 4,000,000 tons. In the State of Bahia alone there is an estimated 400,000 tons of available surface chrome ore. What is equally important, this section of Brazil is served by railroads.

Central and South America supply about 99 percent of the beryllium that the United States imports for its steel alloy and jewelry industries. About half of this supply comes from Brazilian mines. Although Brazil's deposits of beryllium are among the richest in the world, they have only recently been exploited. In 1938, Italy began buying all the beryllium it could afford, and continued to purchase large amounts until the British naval blockade cut Italy's supply lines. United States purchases have followed a sharp upward curve. Both aquamarines and emeralds are clear beryllium. The difference in chemical composition accounts for the varying color intensity. Beryllium is obtained from the opaque type of beryllium ore.

Manganese is used in the manufacture of steel—it puts the starch in steel. Brazil competes with Cuba as the Western Hemisphere's first producer of manganese ore. It has large deposits, but until recently absorbed about 95 percent of its own production in domestic manufacturing. Output has been increased 500 percent since the start of war in Europe and is being stepped up considerably as a result of the dislocation of shipping routes to and from the Soviet Union, former source of supply.

The magnesite deposits in the State of Ceara, in northern Brazil, are reportedly capable of supplying for export about 150 metric tons of calcined magnesite monthly and, with a small amount of additional work, this output could be increased to about 1,000 tons a month. Increased capital outlay and transportation facilities would be necessary to expand the export trade beyond the 1,000-metric ton total.

Magnesite (magnesium ore) from these deposits is said to analyze from 47.3 to 47.5 percent MGO, 0.4 to 0.5 percent silica, and 0.5 to 0.8 percent oxides of aluminum and iron. The Ceara deposits are now supplying Sao Paulo and Río de Janeiro with mineral magnesite for export which would necessarily move by rail to the Atlantic port of Fortaleza, and at that point be loaded by lighterage. Magnesium is today of vastly increasing importance as a result of its use with aluminum in the manufacture of aircraft and in the munitions industry. Both of these industries of course have been as a result of the war enormously expanded.

Brazil produces an important amount of high grade mica and rates fifth in world production. During the last few years Japan, France, Italy, and Germany made large purchases of this product. The United States has been a constant buyer of mica, although its main supply for many years had come from British India. Mica, when split into thin sheets, is used to make mica board for radio parts, electrical appliances, and magnetos. The heat-resisting qualities of mica make it especially useful for military purposes. Argentina also is a hemisphere source of this product and both Brazil and Argentina are developing increased production to supply the needs of the United Nations in their preparation for future military campaigns.

Potential Power.

Brazil possesses large deposits of graphite which have not been well studied. Deposits appear in several areas, the best quality being found in the State of Minas Gerais. Graphite is important to the United States crucible steel industry. Until the outbreak of war our major sources were Thailand and Vichy-French controlled Madagascar. The Soviet Union, the United States, Germany, Chosen, Ceylon, and Mexico also are producers. Disruption of world trade routes may require early working of the large graphite deposits in Brazil.

Of all the American Republics, Brazil is the only considerable source of titanium ore. Although both the United

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States and Canada produce some, the United States normally obtains its supplies from British India. About half the weight of iron, titanium, like magnesium, is today especially useful as an alloy in combination with aluminum. Its function is that of a hardening agent.

Brazil is the world's third most important producer of zirconium. Zirconium ore and its derivatives—silicate and oxide—are found in the form of beach sand. Used in the manufacture of ammunition primers and flashlight powder, zirconium is used also as a hardening agent in the manufacture of steel. Brazil possesses the largest known reserves of this metal in the world, estimated at 2,000,000 metric tons. The largest deposit is in the State of Minas Gerais. Fortunately, this deposit is not far from the railway station at the town of Cascata. Consequently, zirconium can be brought out to the Atlantic seaports without construction of much additional railroad trackage. Brazil has supplied the United States with as much as 47 percent of its total import requirements of zirconium.

Only in the category of potential resources can Brazil's nickel deposits be placed at present. They are important because they are large and have a rich nickel content. The deposits of Sao Jose de Tocantins are estimated at 10,000,000 metric tons with a 12- to 13-percent metal content. Lack of primary transportation and distribution facilities are major problems that must be solved before further development of Brazil's great diversified resources are possible.

Transport Problem Being Solved

Construction of the great Pan American Highway in South America is expected to aid substantially in the solution of Brazil's transportation and distribution problem. It also will aid in widening trade relations among all the American republics through which the highway passes. Brazil too will be benefited by being able to trade with its neighbors on a more extended scale.

In Brazil, the Pan American Highway extends from the Uruguay-Brazil border to Rio de Janeiro, a distance of 1,500 miles. Of this 655 miles are paved—mostly the northern end from Rio de Janeiro through Sao Paulo to Curityba and is in constant use. The remaining 845 miles are practically an "all-weather" route. During the past 3 years some road construction has been done by the government in the northeastern States in connection with a large drought-relief rehabilitation program. Road work in the southern part to the border of Uruguay has been performed by the Engineering Corps of the Army. The main programs of highway construction are in the hands of the State Highway Departments.

Asphalt.

Vegetable Oils

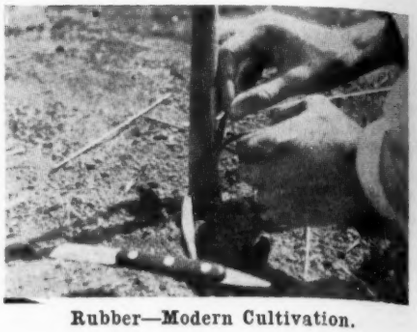
Brazil's vast tropical and subtropical areas are the source of numerous vegetable oils which are being used increasingly by industry. Some oils are processed for human consumption, others go into paints, varnishes, and various other kinds of industrial processes. For instance, the castor-bean is used in preparing certain oils necessary in textile manufacture. It is used also to make synthetic resins from which plastic articles are made, for preparing leather, linoleum, paints, varnishes and as a lubricant for high-speed motors. It also has medicinal properties. Brazil is the world's largest producer of castor-beans and has provided as high as 98 percent of United States imports.

Normally, coconut oil is imported from Eastern Hemisphere sources in great quantities by the United States for soap manufacture. It is not produced to any considerable extent in the Western Hemisphere. Brazil, however, has developed a forest product known as babassu. This product may soon be used as an excellent substitute for coconut oil.

Babassu nuts are gathered by hand and the process requires a great deal of labor. The trees grow in groves and the nuts attract large forest rats which snatch them almost as soon as they hit the ground. Laborers who gather babassu nuts for the market have to pick them one by one, and consequently a great many are lost. Production of babassu oil may be greatly increased with improvement in harvesting methods and the utilization of the whole nut instead of the present uneconomical practice of extracting the kernel and discarding the shell.

From the shell of the babassu nut charcoal, alcohol, acetic acid, and tar can be produced. Brazilian laboratories now are experimenting with the babassu nut to obtain maximum commercial use of this product. The United States has a serious deficiency of this type of oil and, with Far East supplies curtailed, Brazil's babassu nut industry is being rapidly developed. A recent development in Brazil is the experimental use of special trucks and tractors operating on vegetable charcoal.

Linseed oil and tung oil are used as driers in paints and varnishes, for manufacturing linoleum and as an ingredient for printer's ink. Brazil, a producer of these products, supplies its own domestic requirements with its present production. Linseed oil extraction in Brazil dates back only 15 years, and at present there is little



Rubber—Modern Cultivation.

of this oil for the export market. Practically all of it is consumed locally. Shortages in the United States, however, may encourage Brazilian production to the point where supplies may be made increasingly available for export to this country.

Tung trees have been planted in the State of Sao Paulo and now are producing small quantities of tung oil. It is estimated that the 1942 production will justify installation of refineries to process this oil. Seeds for these plants were originally brought from China in 1930.

However, Brazil produces another important tropical oil that can readily be used as a substitute for both linseed and tung oil. During the past decade this product, known as oiticica oil, has become an important item of export.

Brazil plans to make a strong bid for a larger share of the United States market with oiticica oil. It is produced in Brazil's arid northeast section, and increased exports to the United States would aid the development of that part of Brazil. Brazil remembers only too well its collapsed rubber industry in the Amazon River Basin and how the East Indies took the rubber market away. Consequently, Brazil has passed strict regulations forbidding the export of oiticica seeds.

Oiticica oil is a foremost competitor of tung oil. It is ideal for the manufacture of varnishes, paints, linoleum, oilcloth, and printing ink. There has been an increasing substitution of oiticica for tung oil and perilla oil and this is the explanation for the decrease in imports of tung oil and perilla oil by the United States, as well as the increased importation of oiticica.

In 1935, Brazil exported 1,655 metric tons of oiticica. In 1939, Brazil exported 9,284 tons, 92 percent represented the total imported by the United States. There are three types of oiticica oil: (1) Crude oil, natural or condensed; (2) polymerized oil (higher priced than crude), and (3) permanently liquid oil which is laboratory tested with standard specifications (the highest priced of the three types).

The problem of successfully grafting the oiticica plant was accomplished recently by members of the Brazilian Federal Inspectorate of Works Against Droughts. As a result of this successful experiment future cultivation of an early maturing variety of plant of high oil content has become possible.

Native Rubber.

Rubber

The growing shortage of rubber, due to the war in the Pacific, has focused attention on the enormous potential rubber production in Brazil's Amazon Valley. About 60 years ago the Amazon area supplied most of the rubber requirements for United States industry. At that time, Brazil was the only rubber-producing country in the world.

Today, although it is estimated that between 200,000,000 and 300,000,000 wild rubber trees grow in the Amazon Basin—an area five times the size of Texas—production is only 1 percent of total world production, or about 16,000 tons a year. Brazil has about 45 rubber factories in operation, located principally in Rio de Janeiro and Sao Paulo, which manufacture tires and other types of rubber goods.

The Amazon River is the largest in the world. Its basin drains an area equivalent to two-thirds the area of the United States. Agronomists estimate that 50,000 different kinds of plants grow in the Amazon Valley. Besides rubber, the area is particularly adapted for the production of rice, tropical oils, drugs, and hardwoods, and the raising of cattle. Yet its population is less than 500,000.

Plans have been drawn up by the United States Government to develop this area under a proposal known as the "Amazon Basin Development Project." On February 13, 1942, President Roosevelt announced that the United States would cooperate in every way possible with Brazil to obtain rubber.

The President stated that the amount of wild rubber expected from Brazil would be a minimum of 15,000 tons yearly, but that it was impossible to estimate with accuracy how much might be obtained. Additional supplies, he pointed out, would have to come from wild forest land and he did not think anyone could foretell how much could be brought out. There have been estimates of from 30,000 to 70,000 tons, which would represent from 5 to 12 percent of normal United States requirements.

Mr. Roosevelt pointed out, however, that the production of rubber from these wild-growing trees would depend on a solution of the labor supply. It is difficult to find workers to go into the jungles to tap the trees. President Roosevelt had previously discussed the matter of obtaining vital materials from Brazil with Dr. Arturo de Souza Costa, Finance Minister of Brazil, who came to the United States as head of a special Brazilian economic mission. In exchange, Brazil expects to obtain industrial equipment to supply local industry.

Plans of the War Production Board, the Office of the Coordinator of Inter-American Affairs, and the Board of Economic Warfare for increasing supplies of strategic and critical materials in this hemisphere tie in with the President's announcement. On February 10, these agencies announced the assignment of 11 men to the task of stimulating the gathering of wild rubber and promoting long-range development of rubber-growing areas in the Western Hemisphere. Six of these technicians have been sent to Brazil. The others were assigned to Colombia, Ecuador, Peru, Bolivia, and Central America.

At the outset the technical experts will concentrate on taking inventory of wild-rubber sources in the Amazon Valley and other natural rubber-producing areas of the Americas, with the objective of quickly increasing shipments to the United States. Later they will devote more attention to details of buying, distribution, and long-term possibilities of rubber cultivation on a large scale.

The government plans are not a study project—but a definite plan calling for adequate funds to develop rubber, oil, timber, and other strategic products. Brazil's 74 seaports will be of substantial value in the coming great movement of ships carrying strategic raw materials.

Vegetable Fibers

Brazil also has developed a substitute for jute. Jute supply sources in the Far East are now under the range of Nippon's naval guns. The substitute is known as caroa fiber. Brazil already has effected important savings by using caroa fiber in place of jute to make coffee bags. Other products obtainable from caroa are sack cloth, superior-quality paper, rayon, bale coverings, canvas, rope, and cordage. The United States is also fostering plans to provide technical assistance to other Central and South American nations to aid the development of new hemisphere sources of fibers. Production of caroa fiber is government-fostered as a part of Brazil's long-term program to find new hemisphere markets for noncompetitive products. Brazil also is a producer of hemp, used for cordage, fishing nets, and sewing material for shoes.

Coffee as a Plastic

The Brazilian Government has developed a program of diversified agriculture production. Formerly, Brazil's agricultural economy was tied to coffee and cotton.

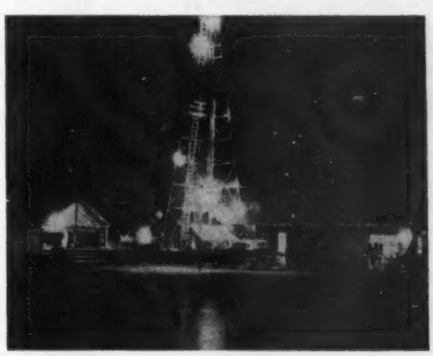
Brazil is still the world's greatest coffee producer and coffee is its chief export. Years of coffee surpluses that had to be burned or subsidized by the government apparently determined Brazil to do something about its economic strangling, overproduction of coffee. Within the last 2 years, producers have initiated a "Coffee Agreement" among major coffee-growing nations. This pact calls for a prorating of coffee exports among the signatory nations.

Coffee is one of the most intricate compounds known and can be converted into a powder which, in turn, may be converted into many articles from automobile wheels to fountain pens. Thus, a new industry may shortly make its appearance in Brazil—the industrialization of coffee. After undertaking studies and research in Brazil and abroad, the National Brazilian Coffee Department has drawn up with the inventor, a United States chemist, the basis for a contract granting the rights to use his invention trade-marked "Cafelite." In September 1940, the first factory was planned for operation in Sao Paulo with a capacity to transform approximately 37,000 bags of coffee annually into plastic products. The principal objective of this plant will be to demonstrate the practical possibilities of the industrial use of coffee so that large-scale development eventually may be undertaken in the utilization of Brazil's huge coffee surpluses.

Among the methods studied and experiments carried out by the Brazilian National Institute of Technology was a process of Belgian origin applied to coffee with the most enlightening results. It was established that a number of industrially important products could be obtained from coffee, such as semicoke, tar, gas, a rich fuel of 4,200 calories, light and heavy oils, gasoline, pitch, and antiseptic and disinfectant products. One of the advantages of this process was that, once coffee surpluses were exhausted, the installations could also serve for the distillation of other products, such as oil shales, lignite, vegetable residues, coal, oleaginous seeds, etc. However, the Brazilian Government preferred the original plan which required less capital, for once the possibility of using coffee for industrial purposes is practically and economically demonstrated, the Government may draw up a plan for definitely solving the problem of coffee overproduction.

This development not only will be an important step toward solving one of Brazil's most acute economic problems, but it has a part in hemisphere defense. Augmented defense requirements in the United States are rapidly absorbing the chemicals formerly used for the production of plastic products. The converting of surplus coffee into plastic articles in Brazil and the United States may stimulate its extensive use for plastic goods for

(Continued on p. 17)



Petroleum.

News by COUNTRIES

Note.—Further details of announcements, marked with an asterisk (*), may be obtained by interested American exporters upon specific request to the Bureau of Foreign and Domestic Commerce or any field office of the Department of Commerce.

Algeria

Tariffs and Trade Controls

*Fertilizers and Fertilizer Materials: Revised Export Restrictions.**

*Certain Iron and Steel Wares: Special Tax on Sales.**

*Products of Mining Industry: Special Tax on Production.**

Argentina

Economic Conditions

Business conditions were satisfactory in January, and the customary new-year economic appraisals indicated the belief that actual and prospective developments would enable Argentina to absorb a considerable part of the slack caused by the stagnant demand for agricultural products. Official estimates forecast a 25 percent reduction in the *wheat* crop and a 16 percent decrease in *corn* sowings for the 1941–42 season. An estimated 10 percent increase in the *linseed* crop was accompanied by a rise of 28 percent in the export price in anticipation of a greater demand from the United States. Such reductions and increased demand will relieve the Government's burden of maintaining its crop-purchasing program.

The *hide* market, stagnant since early December because of the absence of U. S. buying, resumed operations late in the month with relatively large takings. Firm prices and increased activity featured the wool market, with domestic buying of fine grades predominating.

It has not yet been possible to appraise the possible economic results of the Rio de Janeiro Conference, but the business and financial community is hopeful that some definite economic relief will soon appear. The announcement of reduced Argentina-United States freight rates has caused satisfaction, but some pessimism still persists regarding the basic problem of tonnage availabilities. Commercial failures were reduced considerably from December. It is reported that the Government is considering rationing plans for certain imported necessities.

Agriculture and Grazing

Harvests are reported to be generally satisfactory. January was unusually hot, but timely rains benefited the *corn* crop—said to be generally good, though some regions have been affected by the drought. The *wheat* harvest is satisfactory over the whole *grain* region and is of exceptionally good quality. *Linseed* harvesting is well advanced, and the crop is good, though the quality and quantity have been somewhat reduced by weeds.

Late December estimates of the export surpluses of *wheat*, *corn*, and *linseed* were 6,650,000, 8,125,000, and 2,225,000 tons, respectively. The second official estimate of small-*grain* production, with last year's figures in parentheses, are, in metric tons, 6,200,000 (8,150,000): *linseed*, 1,670,000 (1,520,000); *oats*, 470,000 (539,500); *barley*, 383,000 (789,000); *rye*, 160,000 (212,000); and *birdseed*, 27,000 (29,460). On the other hand, the total area sown to the 1941–42 *corn* crop is estimated to be only 5,100,000 hectares, a reduction of 16.4 percent from the 1940–41 sowings.

Fruits for marketing show an appreciable reduction for all classes except *cherries*.

Pasturage is generally good notwithstanding the hot and dry summer, and *livestock*, except for one or two regions, is also rated good. Total frigorifico slaughterings for December 1941 numbered 406,474, against 353,343 in December 1940.

Under a new decree, the provisions of decree No. 95,233, relating to the destruction of *corn* unfit for consumption, have been extended to similar stocks of all other grains of the 1939–40 crops, to protect existing stocks stored in various depositories and on farms.

Wheat prices were firm in January, but activity was restricted chiefly to deliveries by exporters to local millers. Brazil expressed interest in the new crop, but the Government insists upon selling old stocks before offering the new crop. Great Britain is interested in buying at preferred prices, but the shortage of cargo space is a deterrent. Negotiations were concluded between Argentina and Spain for the sale of 160,000 tons of Argentine *wheat* against a Spanish investment in certain local bonds.

The *corn* market was not very active, interest being confined mainly to a demand for *fuel* purposes, though Great Britain was reported to be making inquiries.

The Grain Board is maintaining a firm hold on the *linseed* market, and high prices prevail. Producers' sales were limited, but the export market was active. The United States continued to place large orders at high prices. Great Britain showed little interest in buying at the prices asked and suddenly withdrew from the market when the Grain Board, late in January, increased its prices sharply, first to 14.80 and then to 18.40 pesos per 100 kilograms. Exporters are, however, confident that these purchases will soon be resumed.

Seasonal activity prevailed in the *wool* market, and the predominant buying was chiefly in fine *wools* at high prices for domestic use. This unusual situation is related in part to the growing export trade in *finished goods*, but it is also estimated in the trade that the normal *wool* consumption in 1942 will be doubled. The export market was still confused at the end of the month, owing to the absence of a uniform local interpretation of temporary price regulations in the United States. There was, however, a feeling of optimism over the future outlook.

After a lull of 6 weeks caused by the suspension of U. S. buying while ceiling prices were being fixed there, trading in salt *hides* was resumed during the latter part of the month. Great Britain joined the United States in some relatively heavy buying, but at prices considerably below those ruling in December. Stocks are now reported to be low. U. S. trading in dry *hides* was active.

Commerce and Industry

The continued growth in local manufacturing is causing some misgivings over stocks, which on the average, in relation to key products, are rumored to be sufficient for only 6 months at the present rate of production. The Government has ordered an inventory of the country's *iron* stocks; the reexport of *crude rubber* has been prohibited, and the export of *rubber products* has been subjected to license.

Prices

Prices are rising. The general wholesale price index of the Central Bank for Buenos Aires, using 1937 as a basis of 100, increased to 169.4 in December 1941 from 166.0 for the preceding month. The index for the nonagricultural group rose from 189.5 to 194.3, while that of the agricultural group declined from 80.1 to 78.6. The Department of Labor's cost-of-living index for the same month, on the basis of 100 for 1935–1939, was 114.99, compared with an average of 105.81 for the year 1940, the rise being due entirely to higher costs of *food*. The *food* index advanced from a 1940 average of 102.27 to 117.14, and that for clothes rose from 120.10 to 128.90.

Foreign Trade

Exports in December came to 459,108 tons in volume and 134,875,045 pesos in value against corresponding figures for December 1940 of 494,892 tons and 101,102,141 pesos, reflecting reduced tonnage but higher values. Imports amounted to 600,524 tons and 143,780,074 pesos, against relative figures of 584,767 tons and 88,886,435 pesos. There was an import balance of 8,905,029 pesos, compared

with an export balance of 12,215,706 pesos in December 1940. Except for February, the export volume in December was the lowest during 1941, while the export value was exceeded only in May and June. The import volume, on the other hand, was the largest for any month in the year, but the total value was exceeded in September.

There was an export balance in 1941 of 187,079,465 pesos, compared with an import balance of 71,119,120 in 1940. Imports in 1941 declined sharply by 222,357,189 pesos, or 14.8 percent, but exports increased by 35,841,396 pesos, or 2.5 percent. From the point of view of volume, imports were the lowest in a decade and were 20.0 percent under those of 1940. The export tonnage was the lowest since 1917 and was 34.2 percent under the total for 1940. This was accounted for almost entirely, however, by the decline in *grain* and *linseed* shipments during 1941.

The United States, Great Britain, and Brazil continued to be the most important countries in Argentina's foreign trade. Of the total imports, on the basis of "tariff" valuations and with relative figures for 1940 in parentheses, the United States supplied 28.7 (29.1) percent, Great Britain 17.4 (19.8) percent, and Brazil 13.4 (7.8) percent. Of the total exports, on the basis of market values, the United States took 36.9 (17.8) percent, Great Britain 31.7 (38.1) percent, and Brazil 5.9 (5.4) percent.

Commercial Failures

Liabilities in bankruptcy proceedings totaled 3,036,613 pesos in January, against 4,929,711 pesos during the preceding month, or a decrease of 1,893,098 pesos or 38.4 percent. These figures compare unfavorably, however, with January 1941, when the total amount was 1,709,720 pesos.

Commercial failures, including a *grain* failure amounting to 657,300 pesos, came to 2,759,538 pesos, compared with 3,309,068 pesos in December 1941, while private failures amounted to 277,075 pesos, against 1,149,169 in December.

New cases started during the month numbered 106, compared with 302 in December.

Building Construction

Municipal building permits granted during November 1941 totaled 1,433 and represented a value of 14,872,215 pesos, compared with corresponding figures of 1,532 permits for a value of 16,101,119 pesos and 1,273 permits for a value of 10,276,820 pesos for the preceding month and for November 1940, respectively. This type of activity during the first 11 months of 1941 represented an increase of 17 percent in the number of permits issued and 36 percent in their construction value over the corresponding 11 months of 1940.

Employment and Wages

There was continued increased industrial activity in December, while wages also were higher than in the preceding month. Official indexes were 120.7 for employment and 131.5 for wages paid (on the basis of 100 for 1937), compared with 108.3 and 110.8, respectively, for December a year earlier.

Exchange and Finance

Bond Issue for Grain Crop Financing.—An agreement has been reached between the Ministry of Finance and the Bank of the Nation, in connection with the debt of the National Grain Board to the latter, for the financing of the official crop-purchasing program. To relieve in part the strain placed thereby on the Bank's cash resources, authorization has been granted for the issue to banks exclusively, at par, of Treasury bonds totaling 250,000,000 pesos in 1-year to 5-year series and bearing interest at 2¾ percent per annum. The Government's recourse again to this type of issue is only a partial solution of the whole problem, in view of the total amount of the Grain Board's accrued debt for the purpose, which amounted to 765,000,000 pesos at the 1941 year-end. It is held in certain circles to be only a temporary expedient pending a possible favorable revival of legislative action in relation to a loan from the United States.

Government Revenues.—Government revenues during 1941 totaled 958,446,000 pesos, compared with 1,061,834,000 in 1940. Customs revenues for the two periods were, respectively, 181,836,000 and 230,554,000 pesos.

1942 Budget.—In view of the failure of Congress to act on the budget estimates for 1942, the Argentine Government announced the carry-over of the adjusted 1941 budget. Expenditures of 1,099,380,000 pesos are provided, and a deficit of 186,500,000 pesos is estimated—which it is proposed to cover by new and adjusted taxes and certain economies.

Bolivia

Transport and Communication

Inter-American Cooperation.—Argentina will help finance an extensive improvement program in its sister Republic of Bolivia. The program will include the building of a railroad, the sale of Bolivian oil to Argentina, and construction of a pipe line linking the two nations. As part of the agreement, Argentina will lend Bolivia about 12,000,000 pesos.

Brazil

Tariffs and Trade Controls

Wines and Derivatives: Effective Date for Change on Labeling Postponed to March 1, 1942.—The Brazilian requirement under which foreign *wines, vinegars, brandies, cognacs, fruit juices,* and *rum* were required to show specified additional information on their labels has been postponed and will not become effective until March 1, 1942, according to the Brazilian Diario Oficial of November 7, 1941.

[See Foreign Commerce Weekly of November 1, 1941, for announcement of labeling requirements scheduled originally to become effective November 1, 1941.]

Canada

Tariffs and Trade Controls

Duties and Excise Taxes in Country of Export Excluded From Values for Import-Duty Purposes.—Import and excise duties and taxes imposed in any country are to be disregarded in estimating the value for duty of goods imported into Canada, under an order in council of January 20, 1942, reported in Canadian Appraisers' Bulletin Miscellaneous No. 36, issued by the Commissioner of Customs on February 2, Ottawa.

This action was taken following representations by the Wartime Prices and Trade Board that the inclusion in the value for duty of import and excise duties and taxes imposed in other countries is inconsistent with the program of controlling domestic prices and prejudicial to fulfillment of the purpose of the Board.

This means that any taxes currently in effect under the U. S. Revenue Act can be excluded from the fair market value on Canadian invoices which should show the deduction of the tax. While many products taxable under the U. S. Revenue Act are not at present permitted to enter Canada (under the Canadian War Exchange Conservation Act), such taxable products as are permitted to enter Canada (for example, *business* and *store machines, luggage, rubber articles, washing machines* of a kind used in commercial laundries, *photographic apparatus* and *optical equipment*) may be valued at the tax-exclusive price. Any U. S. duties paid on goods of foreign origin may also be eliminated from values for Canadian duty when such goods are imported into Canada.

[Holders of International Reference Service No. 42 of July 1941, Preparing Shipments to Canada, may wish to make note of this amendment on page 15 under the heading "Foreign Internal Taxes in Values for Regular ad Valorem Duties."]

OEM Defense photo

Concentrated Milk Products: Imports Prohibited Except Under Permit.—Importation of *concentrated milk products* into Canada is prohibited except under import permit in prescribed form from the Dairy Products Board, according to an order of the Board published in the Canada Gazette (Extra) of January 26, 1942, Ottawa.

"Concentrated milk" includes *condensed milk*, sweetened and unsweetened, *dried whole milk, dried skim milk, dried buttermilk, dried whey, milk sugar (lactose), sterilized milk, condensed buttermilk, dried albumen, whey concentrate,* and *malted milk.*

The Canadian importer is required to obtain an importer's license from the Board before obtaining his import permit.

Rationing of Sugar in Canada.—The rationing of *sugar* (including *cane sugar* and *beet sugar*) in Canada has been brought into effect from January 26, 1942, by a January 24 order of the Wartime Prices and Trade Board, published in the Canada Gazette of January 31, Ottawa.

The amount of *sugar* permitted is three-fourths of a pound per person per week. The Sugar Administrator may, at his discretion, make provision for supplying sugar for use in home preserving and canning. He may also grant exemptions or permits for *sugar* to be used in hospitals and other public institutions and in special cases of individual hardship.

Operators of boarding houses, lumber camps, mines, hotels and restaurants, and manufacturers of *food products* and other industrial users of *sugar* are subject to regulation by the Sugar Administrator.

Gasoline Rationing in Canada.—Details concerning the *gasoline*-rationing plan, which becomes effective in Canada on April 1, 1942, have been made public by recent announcements by the Minister of Munitions and Supply and the Oil Controller, at Ottawa.

Under the plan, *commercial vehicles* (including *ambulances, busses,* and *taxicabs*) will be allowed sufficient *gasoline* to meet their requirements, subject to official check on the amount used. Operators of *automobiles* are required to submit applications and pay $1 for a ration coupon book, good for 1 year. From April 1, 1942, they will be able to purchase a designated number of units of *gasoline,* according to the category of the vehicle. At the beginning, each unit will represent 5 Imperial gallons of *gasoline* (half-coupons may be used for purchases of 2½ gallons). This unit may be reduced.

Consumption for pleasure trips will be greatly reduced, and for other uses will be permitted in proportion to usefulness of a *passenger car.* For ordinary family and pleasure use there may be allowed 60 units and up, good for 300 to 380 Imperial gallons of *gasoline* per year, or enough to drive approximately 5,400 miles (5 Imperial gallons being equivalent to 6 gallons, U. S. measure). In certain other categories *gasoline* will be allowed, depending on use, in units of from 88 to 500 units (about 440 to 2,500 gallons). Special provisions are made for tourists' cars remaining in Canada for less than 90 days, but, if remaining longer, they will be subject to the same provisions as cars for family or pleasure use.

Tourists may be given coupon books by Canadian customs officers upon their entry into Canada.

Flour and Bread: Effective Date of New Standards of Quality Postponed.—Owing to difficulties in making changes in milling requirements, the amendments to the Canadian food and drugs regulations, which were scheduled to become effective from February 1, 1942, have been postponed until April 1, 1942, with respect to *flour,* and until April 15 as related to *bread,* and several new sections regarding standards and labeling have been added, according to the Canada Gazette of January 31, Ottawa.

The use of *synthetic vitamins* in producing *flour* or *bread* for sale or consumption in Canada is held to be an adulteration of food under the Food and Drugs Act and amendments. After the new *flour* and *bread* go on sale it will not be permissible to use the word "vitamin" or a word, symbol, or device suggestive of any *vitamin* in connection with any other *flour* or *bread.* The new types of *flour* are to be known as "Vitamin B Wheat Flour (Canada Approved)" and "Vitamin B Flour (Canada Approved)," the latter being a *brown flour.* The bread types will be known as "Vitamin B Wheat Bread (Canada Approved)" and "Vitamin B Bread (Canada Approved)."

[See FOREIGN COMMERCE WEEKLY for January 10, 1942, for previous announcement.]

Cheese for Export From Canada: Pressing in Steel Hoops no Longer Required.—An amendment to the Canadian Dairy Industry Act cancels the requirement that all *cheese* for export from Canada be pressed in hoops not more than 15 inches in diameter, according to a notice published in the Canada Gazette of February 7, 1942, Ottawa.

The above action was taken because of the fact that *steel* for producing such hoops cannot now be obtained.

Avenge
Pearl Harbor!

Chile

Exchange and Finance

Service of Foreign Debt.—At the end of December 1941 the Amortization Institute made the following announcement:

In accordance with article 6 of the regulations of law No. 5580, of January 31, 1935, regarding resumption of service on the external debt—

The Autonomous Institute for the Amortization of the Public Debt, in conformity with the provisions of article 6 of the regulations of law No. 5580 of January 31, 1935, approved by supreme decree No. 3837 of October 24, 1938, declares: Having received in 1941, the following income to be applied to the service on the external debt:

	United States Dollars
Profits of Nitrate and Iodine Sales Corporation of Chile	2,472,794.68
Profits of Nitrate and Iodine Sales Corporation of Chile; balance of the preceding year	166,572.32
Tax on income of fourth category and additional tax from copper companies	6,583,478.88
Tax on income of fourth category and additional tax from copper companies; balance of preceding year	82,400.60
Part of the duty on petroleum received by the nitrate industry (article 7 of law No. 6155 of January 6, 1938)	74,043.19
Part of the duty on petroleum imported by the copper companies (article 7 of law No. 6155 of January 6, 1938)	106,546.92
Total	9,485,836.59

Fifty percent of this income, or the sum of $US4,742,818.30, will be applied to the payment of interest at the rate of $US1.558 per $100 of nominal capital, Swiss francs 1.558 per 100 Swiss francs of par value, and £1 11s. 1.92d. per £100 of par value.

With the remaining 50 percent of the income received, there have been redeemed bonds with a value of $3,113,000 par value, Swiss francs 18,500 par value, and £1,300 par value, which have been retired from circulation.

After having realized these amortizations, the outstanding bonds of the external debt are as follows: £27,761,171; $US167,095,500; Swiss francs 108,709,500.

The last of these balances has been, moreover, reduced by Swiss francs 29,000. This reduction corresponds to Swiss franc bonds amortized by the Municipality of Santiago during 1941.

Deducting this quantity from the previous figures, the present balances of bonds of the external debt in circulation are as follows: £27,761,171; $US167,095,500; Swiss francs 108,680,500.

Capital for State Railways.—The first internal-debt bonds issued by the Chilean Government under the authority of the recently enacted law No. 7140 providing financial assistance to the State Railways were authorized by the Minister of Finance in decree No. 4253 of December 24, 1941. The amount was 12,500,000 pesos—raised to 18,750,000 pesos on December 26. Decree 4272 of the Ministry of Finance authorizes the State Railway Enterprise to sell through the intermediary of the Bank of Chile, at a price of 80 percent of par, 6,250,000 pesos, nominal, in bonds of the internal debt issued in conformity with the decrees mentioned above. The Railway Enterprise is also authorized to obtain credits against the price of these bonds at the Bank of Chile up to 80 percent of their nominal value. These credits can be contracted against promissory notes or in the form of overdrafts in account current, and they will be canceled with the product of the sale of the bonds.

Maximum Quota Fixed for Export of Melons to New York.—The maximum quota of Chilean *melons* which may be exported to New York during the period December 1, 1941, to April 30, 1942, is fixed at 140,000 boxes by decree No. 751 of the Ministry of Agriculture, dated November 14 and published in the Diario

Oficial of December 17, 1941. Shipments for other markets in the United States are not subject to a quota. The distribution of the export quota among interested firms and the requirements to be complied with will be established by the Agricultural Export Board in conjunction with the Under Secretary of Commerce of Chile.

Costa Rica

Exchange and Finance

Exchange Situation.—Availability of exchange is adequate to pay for imports from the United States. Exchange granted by the Exchange Control Board can always be obtained—but with a delay of nearly 90 days, from date of application, for imports of products not considered luxury articles and 120 days for other products regarded as luxuries. In the latter group are *automobiles, radios, perfumery,* and the like. Exchange at the open-market rate is plentiful.

Cuba

Exchange and Finance

Exchange.—The peso, which as a result of improved conditions had been at par with the dollar during recent months was quoted at a premium during the fortnight ended January 31. This premium, which fluctuated between one-eighth and five-eighths of 1 percent, was not due to any preference on the part of the public for pesos. Banking circles say that it represented more or less the postage and war-risk insurance expenses incurred in bringing to Cuba U. S. currency required to meet the expanding needs for circulating media resulting from the inauguration of the 1942 *sugar*-grinding season. Bankers believe that if there is any further increase in these expenses, especially for war-risk insurance, the peso premium over the dollar may increase proportionately.

1942 Budget.—The regular Cuban budget for the first quarter of 1942 was promulgated by decree No. 67 of January 1, published in the Diario Oficial of January 15, 1942. Revenues are estimated at the rate of 89,375,000 pesos per annum, against authorized expenditures of 89,341,000 pesos. This compares with authorized expenditures under the original 1941 budget of 77,549,000 pesos, the increase being due almost entirely to the inclusion in the regular 1942 budget of special funds, theretofore separately administered, which will increase 1942 budgetary revenues and expenditures, respectively, by more than 9,000,000 pesos.

Budgetary expenditure during 1942 will be further increased, however, by the provisions of decree No. 200 of January 29, published in the Diario Oficial of January 30, 1942, increasing the January salaries of the members of the armed forces. The local press reports the signing of a decree providing for similar increases in the salaries of all other employees of the Government and of the National Police. The January appropriation for the Congress has reportedly been increased by 10 percent, and it is understood that similar increases will be made by decree from month to month until such time as the Congress enacts legislation placing them on a permanent basis and, presumably, providing means for meeting these additional expenditures, should regular budgetary revenues prove inadequate.

Government Finance.—Budgetary revenues for January totaled 8,092,000 pesos, according to preliminary figures released by the Ministry of Finance—compared with 6,191,000 pesos in January 1941.

The total for the current-year period, however, includes receipts from several so-called "special funds" which in previous years were administered separately but which, in accordance with one of the precepts of the new Constitution, have (beginning with 1942) been incorporated in the regular budget. Taking this and other factors into consideration, regular budgetary revenues in January 1942 were estimated to be slightly in excess of 1,000,000 pesos over the January 1941 collections. Also, the receipts for January 1942 do not include the proceeds during that month from the tax surcharges created by the Emergency Tax Law of September 8, 1941, and from the several taxes established by decree laws of December 31, 1941, which became effective on January 1, 1942. The proceeds from these imposts are set aside in special accounts to be used for the purposes set forth in the law and decree laws mentioned.

Regular budgetary expenditures during January 1942 totaled 7,445,000 pesos, compared with 6,462,000 pesos in the same month of 1941.

Ecuador

Economic Conditions

With the reestablishment of confidence in financial and commercial circles and the settlement of a long-standing boundary dispute, economic conditions returned to a fairly normal state during December. The Government denounced its commercial treaties with Germany, Italy, the Netherlands, France, and Belgium because of the impossibility of trading with those countries at present.

Difficulty in shipping conditions brought about by the war is greater now that passenger service has been suspended and freight service limited by certain lines. In December, maritime freight rates between New York and Ecuadoran ports were provisionally increased 26 percent. These two factors have brought about scarcity and price increases in imported merchandise—contributing to a general increase in living costs. Because of this the Ecuadoran Government issued a decree increasing salaries from 10 percent to 25 percent according to a set wage scale.

The Office of Export Control, which began to function on January 1, 1942, is issuing certificates of inspection for such products as *cacao, coffee, rice, balsa wood, cascarilla, rubber, straw hats,* as well as for most *manufactured articles, fruits,* and *vegetables.*

Agriculture

Agricultural conditions improved during December 1941. During the month, chief exports to the United States included *cacao* and *coffee* as well as a considerable increase in *balsa wood.* Domestic requirements for *cotton* will perhaps make it necessary to import a small quantity, even though there was an exceptionally good crop in 1941. There was a large increase in exports of *coffee, rice, straw hats,* and *balsa woods,* a small increase in *cacao,* and a slight decline in *banana* exports.

Reestablishment of the market for Ecuadoran *rice* in Cuba helped greatly in the disposal of the large crop. Important shipments were also made to such countries as Bolivia, Venezuela, Panama, and Costa Rica, but there still remains a plentiful stock for domestic consumption. Owing to the good foreign market for this commodity, Ecuadoran *rice* planters are increasing acreage and are apprehensive of a labor shortage in the *rice*-growing sections during the coming harvest season.

Foreign Trade

During the first 11 months of 1941, imports were 13.5 percent lower in value than in the same period of 1940, whereas exports increased by 18.3 percent. The percentage of total imports supplied by the United States increased from 58.8 percent in 1940 to 73.8 percent in 1941, while the percentage of exports to the United States during the same period increased from 59.6 to 73.3 percent.

Exchange and Finance

Customs Receipts.—Customs receipts at the port of Guayaquil, through which approximately 90 percent of Ecuadoran imports pass, totaled 38,709,000 sucres during 1941, compared with 43,518,000 in 1940.

OEM Defense Photo

El Salvador

Tariffs and Trade Controls

Most-Favored-Nation Agreements with Italy and Germany Canceled.—Two Salvadoran most-favored-nation agreements, the Treaty of Commerce and Navigation with Italy, signed on March 19, 1934, and the Treaty of Commerce with Germany, signed on April 14, 1908, have been totally canceled by the Government of El Salvador, as of December 15, 1941—by terms of a presidential decree promulgated in the Diario Oficial of January 12, 1942.

The decree provides that countries having commercial agreements in force with El Salvador which contain the most-favored-nation clause, or in which the preferential conventional rates of the Italian treaty are expressly granted, will continue to enjoy, with respect to their prime or manufactured products, the Salvadoran conventional rates of the Italian treaty during the life of their respective commercial agreements.

While the decree is drafted in general terms, the Salvadoran commercial agreements with the United States, Great Britain, and the Netherlands are specifically mentioned in the preamble. Although Germany enjoyed most-favored-nation treatment from El Salvador under the terms of the 1908 agreement, no import-duty concessions were included therein. The decree will be submitted to the National Legislative Assembly for its ratification during the next period of its sessions.

Salvadoran Tariff Concessions of French-Salvadoran Agreement Continued to Other Countries Despite Expiration of Treaty.—In view of the expiration on December 31, 1941, of the extension of the Salvadoran convention on the reduction of customs duties with France signed on May 8, 1901, and extended periodically thereafter, countries having commercial agreements in force with El Salvador in which the most-favored-nation clause is stipulated, or in which the preferential tariff rates of the French convention are expressly granted, shall continue to enjoy the Salvadoran preferential rates on the products set forth in that convention, during the life of their respective agreements, according to a presidential decree promulgated in the Diario Oficial of January 12, 1942, and effective on that date. While the decree is drafted in general terms, the Salvadoran commercial agreements with the United States, Great Britain, and the Netherlands are specifically mentioned in the preamble. The decree will be submitted to the National Legislative Assembly for its ratification during the next period of its sessions.

Avenge

Pearl Harbor!

French Morocco

Tariffs and Trade Controls

Olives and Olive Oil; Exportation Prohibited.—Exportation of *olives* and *olive oil* from the French Zone of Morocco has been prohibited by an order of October 7, 1941, published in the Bulletin Officiel of October 31.

The refining of *olive oil* was prohibited by the same order.

Mexico

Transport and Communication

Car Shortage.—A shortage of railroad cars is threatening to paralyze the Monterrey iron works, one of Mexico's most important metal plants. Officials hope to relieve the situation by obtaining delivery of part of a large order for cars that was placed recently in the United States.

Palestine

Exchange and Finance

Government Provides for War Loan.—A war-loan ordinance was enacted by the government of Palestine on December 16, 1941, according to the Palestine Gazette of December 18, 1941. In it is the stipulation that funds raised under its provisions shall be utilized for prosecution of the war and that the High Commissioner is empowered to lend any money so raised to the British Government. "Principal moneys and interest secured by the bonds" are to be charged upon and made payable out of the general revenue and assets of the Palestine government.

Rules are now reportedly being drawn up prescribing the classes and title of bonds to be issued and the conditions of issue and redemption. The date at present set for the issue of "registered bonds and war-savings certificates" is April 1, 1942.

The total public debt of the government of Palestine at the present time amounts to £4,475,000, representing indebtedness under a 5 percent guaranteed loan issued in 1927—redemption of which is provided for by annual payments from revenue into a sinking fund.

Panama

Transport and Communication

Work on New Canal Locks.—The Salvadoran Government reports that Central American labor is being recruited for work on the new locks of the Panama Canal. About 2,800 men from Central America are now reportedly engaged in the work.

New Concrete Highway.—Another link in the defense chain being built around the Panama Canal is nearing completion. It is a 47-mile concrete highway which will make possible the rapid shuttling of troops from one end of the canal to the other. Construction is expected to be finished by March 31, but the road is open for emergency use.

Peru

Exchange and Finance

Exchange Situation.—The general exchange situation has remained much the same as it has been since the cooperative exchange agreement went into effect in June 1940. Dollar exchange has been ample to meet current demand.

The sterling situation appears to be slightly easier owing to the normal accumulation at a time when exports from the United Kingdom were exceptionally low. It is said that recent arrivals from the United Kingdom have been a little larger as regards products that do not conflict with the Lend-Lease arrangement.

It is reliably reported that the Central Reserve Bank's ordinary exchange reserve fund remains roughly at the position held during the last 6 months. Evidently money returned to Peru, and somewhat larger exports to the other American markets, together with increased prices on export products, have more or less offset the loss sustained from Japanese sources.

Syria and Lebanon

Tariffs and Trade Controls

Cereal Flours: Exempted from Import Duty.—Flours of *wheat* and other *cereals* have been exempted from import duty in Syria and Lebanon, effective November 12, 1941, by order No. 388/FL of November 12, published in the Bulletin Officiel of November 30.

Radio Apparatus: Exportation Prohibited.—The exportation of all *radio-electric apparatus* or *material*, for sending or receiving, from Syria and Lebanon has been prohibited by order No. 138/FL of September 3, 1941, published in the Bulletin Officiel of September 15, and effective from September 3.

Tunisia

Tariffs and Trade Controls

Olive Foots and Olive-Foots Oil: Manufacture, Circulation, and Distribution Regulated.—The circulation and distribution of *olive foots* of the 1941–42 crop, and the manufacture of *oils* and *soap* from *olive foots*, have been regulated in Tunisia by an order of October 29, 1941, published in the Journal Officiel Tunisien of November 4.

All *olive foots* must be delivered to *oil* factories.

[See FOREIGN COMMERCE WEEKLY of January 10, 1942, for announcement of regulations on *olive oil*.]

United Kingdom

Economic Conditions

LIMITATION OF SUPPLIES: NEW QUOTAS ESTABLISHED

A new Limitation of Supplies Order was issued on November 28, 1941, establishing quotas for domestic sales for the period from December 1, 1941, to May 31, 1942. It is the fourth basic order of a series placing a limitation on aggregate sales made in the domestic market by manufacturers and wholesalers of certain consumer goods—based on a fixed percentage of the value of sales in the standard period, December 1, 1939, to May 31, 1940.

The order reduces the quotas for *rugs, carpets,* other *floor coverings,* and *luggage* from 33⅓ percent to 25 percent, and cuts the *glassware* quota from 40 to 20 percent. It prohibits, after January 1, 1942, the supply of *toys* containing more than 10 percent of *metal* by weight, goods whose *metal* content contains more than 37½ percent by weight of *gold, pottery* and other shaped and fired *clay products,* and domestic *hollowware* made wholly or partly of *aluminum.*

The prohibited goods may be supplied in fulfillment of Government orders and export orders or under license by the Board of Trade. The Board has announced that it will license the unrestricted supply of *unoramented china* or *earthenware tableware,* and the supply of other *pottery* up to 20 percent of the base period values.

Among goods whose quotas remain the same as in the preceding 6-month restriction period are the following: 50 percent for *mattresses* of all kinds, 33⅓ percent for *wicker furniture,* and 25 percent for *office* and *other furniture* made wholly or mainly of *metal, domestic lighting fixtures* and *cutlery, cameras* and *accessories, musical instruments, sporting goods, toys* and *household electrical appliances.*

Uruguay

Exchange and Finance

Exchange Quotas.—On January 24 the Uruguayan Export and Import Control granted an exchange quota to Brazil in free exchange amounting to $ U. S. 150,000 for the purchase of *cotton goods* and similar *textiles*—and on January 16 a quota at the free rate amounting to $11,500 for the importation of *raw tobacco* from countries without quota.

Venezuela

Tariffs and Trade Controls

Conditional Suspension of Fines on Shipping Documents.—The imposition of fines normally imposed by Venezuelan customs procedure for irregularities in shipping documents will be suspended in connection with merchandise shipments originating in New York when such irregularities arise from circumstances attributable to war conditions, according to a resolution published January 23, 1942, by the Ministry of Finance.

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Brazil—Arsenal of Strategic Materials

(Continued from p. 11)

civilian consumption and thus release more vital chemicals for the manufacture of explosives.

Strategic Uses for Cacao

Cacao is native to Brazil, as well as other parts of the Western Hemisphere. In Mexico, natives at one time manufactured a paste and, with the pulp, a refreshing beverage was made to which they gave the name "chocolate." Brazilians make use of the pulp which, when fermented, produces a winelike drink. After roasting, cacao seeds yield a number of solid pastes and powders commercially known as chocolate. Cocoa and chocolate include other ingredients such as sugar, and nearly always some arrowroot, sage, and Indian cinnamon or vanilla to add flavor.

Cocoa butter also is extracted from cacao. Besides being a nourishing food and a stimulant, the seeds may be transformed into industrial products, as they contain 50 percent oleaginious substances. Cocoa butter has a wide application in numerous industries. The oil extracted pays for the cost of the product. Consequently, cacao plantations can withstand temporary economic crises better than most other kinds of agricultural industries. If the market price of cacao is unprofitable, the plantation itself may be abandoned for a period of years without damage, if the plants are kept well shaded. While this product has been exploited to some extent, it still offers possibilities of increasing imports to the United States. In 1939, 88,202 metric tons of cacao were shipped to the United States.

Hides and Skins

Brazil's stockraising industry, with about 95,000,000 head of livestock, is the largest in the world. The United States imports almost the entire Brazilian output of goat skins, using them for the manufacture of kid leather. The United States also is the principal buyer of Brazilian hides in general. In 1937, shipments of hides and skins were valued at $26,500,000. In 1939, Brazil's hide exports to Uncle Sam amounted to 4,942 metric tons. It is expected that with lost European sources of hides and increased United States requirements for military purposes this product will be absorbed from Brazil in even greater quantity. Brazil, with 47,000,000 head of cattle, exported a total of 66,129 metric tons of hides in 1937.

Wool

Until a few years ago Brazil's wool was exported to Uruguay where it was reclassified and exported to European countries. In 1937, Brazil produced 18,000 metric tons of wool and exported 2,902 metric tons. Total production of raw wool in Brazil averages 33,000,000 pounds annually and about one-third of this amount is consumed in the domestic market. With trade lanes disrupted between the United States and Australia, it may be expected that Brazil's wool production will be called upon to meet such shortages as may develop in the United States.

Electric Potential

Brazil is one of the richest countries in the world in potential hydraulic or water power. It has been estimated that the potential hydraulic power of Brazil is over 14,000,000 kilowatts, and only about 739,000 have been utilized. According to statistics compiled by the World Power Conference, Brazil ranks fourth in hydraulic power. Russia ranks first, with 58,000,000 kilowatts, the United States is second with 25,000,000 kilowatts, and Canada is third with 19,000,000 kilowatts. Statistics are based on discharge during a low water season.

The State of Minas Gerais has the largest number of hydroelectric powerhouses with the State of Sao Paulo second and the State of Rio de Janeiro third. However, the State of Sao Paulo has the greatest amount of power harnessed.

Brazil has one of the largest powerhouses in the world, located at Cubatao, near Santos with a 308,000-horsepower installation. It is classified in eighth place according to world statistics on hydroelectric powerhouses.

The great Iguazu Falls at the boundary of Brazil and Argentina is also part of the vast potential hydraulic power supply. The Iguazu has the greatest simultaneous water discharge of any body of falling water in the world—including Niagara Falls or Victoria Falls.

Strategic Position

With regard to hemisphere defense, Brazil also is one of the most important countries in South America. Strategically, it is the key to offsense as well. President Roosevelt has pointed out that from Dakar, on the West Coast of Africa, it is only 1,600 nautical miles—about 7 hours' flight for a modern bomber—to Natal, situated on the Atlantic coast line of Brazil. Consequently, Brazil is equally as valuable as an ally as it is for its supplies of strategic raw materials. Control of Natal and adjacent bases by a friend of the United States sets up an important hemisphere base of operations in the event Dakar is given up to the Axis by the Vichy-French, or military attacks are launched against any part of the Western Hemisphere from Dakar.

News by COMMODITIES

Automotive Products

★ CANADA.—New motor vehicles and trailers have not been equipped with a spare tire and tube since December 15, 1941, as the result of an order to manufacturers by the Motor Vehicles Controller.

Following the announcement of the ban on production of passenger automobiles about April 1, 1942, when assembly of already fabricated parts is expected to be completed, and the announcement of the formation of a pool of passenger cars which will be rationed to essential users, the Motor Vehicles Controller announced the appointment of a Motor Vehicle Manufacturers' Advisory Committee and a Motor Vehicle Dealers' Advisory Committee.

★ COLOMBIA.—Upon the announcement that the factory price of 1942-model United States cars would be increased from $96 to $135 per unit, several local automobile dealers brought up the question of increased duty, and reported that in some cases import duty has been assessed on the basis of factory value of the automobile, with all inland freight in the United States, ocean freight from the United States to Colombian port, and handling charges between the factory and Colombian port added.

In view of the fact that there was a decided possibility of increased ocean freights and that war-risk insurance was bound to be higher in addition to the increased factory prices, if duties were to be assessed on the c. i. f. value this might result in placing cars in a higher percentage bracket.

Naturally this would cause a considerable increase in the retail price of United States cars in Colombia, and the matter was therefore referred to the Minister of Foreign Relations of Colombia for ruling. A ruling has now been received which reads as follows:

In conformity with the provisions of the General Customs Regulations No. 141, of September 6, 1937, automobiles, as well as other merchandise originating in the United States and countries which have a most-favored-nation agreement with Colombia, are not subject to the application of the provisions of Article 2 of General Regulations No. 137, but to the provisions of Decree 1520 of 1931—that is, that in such cases the duties chargeable for exportation, consular fees, maritime freight, and insurance shall not be considered as a part of the customs valuation of the foreign merchandise imported, the real value of which abroad, which shall be declared on the invoice for customs purposes, shall be that which it has at the place of origin at the time exportation is effected, increased by the value of the containers, receptacles, or packing, whatever their nature, and all other costs, such as packing and land freight or drayage to the docks for loading. According to the information requested by the Tribunal and obtained from the principal customs houses of the country—Barranquilla, Cartagena, Buenaventura, Santa Marta, Cucuta, etc.—strict compliance with this is being carried out.

★ INDIA.—The extension of the war has decreased the resources available for the establishment of an automobile industry in India, according to a statement of the Secretary of State for India in London published in the British press. He adds that the matter has been most carefully considered—the conclusion being that any attempt to set up this industry now would divert both labor and machinery which are more urgently needed for the war.

★ IRELAND (Eire).—The total number of mechanically propelled vehicles of all classes licensed in August 1939 was 73,813, showing an increase of 4,217 over August 1938. Current driving licenses totaled 99,662 in August 1939, an increase of 6,338. Registrations were highest in Dublin County, accredited with 13,103 private cars, 693 motorcycles, and 3,601 trucks.

Registrations of motorcycles, which for some years had shown a steady decline, rose to 2,782 in 1939–40 compared with 2,724 in the preceding year.

As regards registrations of new vehicles, the report states that the 10-horsepower car maintained its popularity during the year, the percentage being 44.1 (represented by 3,297 vehicles) against 31.2 for the 8-horsepower car (2,336 vehicles), of the total number of private cars registered for the first time (7,480) in the year ended March 31, 1940. The total private-car new registrations in 1938–9 was 8,383. Of the vehicles in other horsepower classes, the 12-horsepower and 22-horsepower vehicles, numbering respectively 653 and 376, appeared most in favor during the year 1939–40.

The total number of vehicles registered for the first time was 9,378, compared with 11,508 in 1938–39. The total number of vehicles eligible in the year 1939–40 for assessment at the preferential rate of duty for certain vehicles assembled in Eire was 879.

Orders recently issued by the Irish Government authorize the following quotas for the importation of motor vehicles and parts into Eire during the calendar year 1942: 120 completely or substantially assembled motorcar chassis with bodies or body shells attached thereto; 60 completely or substantially assembled motorcar chassis without a body or body shell attached thereto; 60 car bodies or motorcar body shells (otherwise than attached to chassis); certain motorcar body parts to the number of 10; and 12 motorcycles. The importation of laminated springs and parts and certain component parts thereof to the value of £1,000 between December 1, 1941, and May 31, 1942, had been authorized previously.

★ UNITED KINGDOM.—Valentine & Carr, Ltd., having had extensive experience of producer gas in industrial applications, has now developed a plant for car use, according to the British press. This concern has recently marketed a single-wheel trailer model which is of particular interest from the point of view of carrying the plant. Usually, if the apparatus is not actually built on to the back of the car, the trailer employed has two wheels.

The producer itself is of cross-draft type capable of operating on either the specially treated form of anthracite known as Progasite or low-temperature coke. The range afforded without refueling the hopper is between 100 and 120 miles, according to the size of car. A large water tank is provided for cooling the tuyère—there being, it is understood, a sufficient supply for distances up to 400 miles without replenishment.

Only two additional controls are involved, both consisting of Bowden-type hand levers carried from the steering column, one being for varying the air-gas ratio according to requirements, and the other enabling a gasoline "boost" to be given at any desired moment to deal with occasions such as a spurt of acceleration or to assist the car in climbing.

There are no complicated change-over controls to operate. Assistance from gasoline can be obtained readily, and only a small quantity is consumed for the time being. This arrangement is of value for quickly taking the car up to its cruising speed, the gasoline then being cut off.

A new producer gas unit has been introduced by the firm of Enness Sentinel, Ltd., termed the Victory model, designed for assembling on a subframe ready to be attached to the vehicle, utilizing the bumper brackets as supports, according to the British press. The idea behind this plant is that it shall be as complete as possible with all necessary parts to allow even an amateur mechanic to assemble it.

Alternatively, the design is such as to allow garages to fit the plant easily.

The Enness is a cross-draft system, and the plant in question is suitable for cars between 8 and 25 horsepower. A larger-hopper model is also available, however, for bigger cars. Beyond a gasoline tap operated from the driving seat, there is only an air control additional to the ordinary controls, and from the normal

foot accelerator the car may be driven on gasoline, gas, or a mixture of both. It is also possible for a trailer to be employed.

The main intention is to provide a standardized plant to allow a wide range of vehicles to be readily equipped at lower cost than is general in the case of these systems.

The British press states that there are two car models of the Bellay producer gas unit, known as the P. C. 1, suitable for cars of from 10- to 12-horsepower, and the P. C. 2 for cars from 14-horsepower up. It is intended to be fitted actually on the vehicle.

The general arrangement differs from producer gas plants hitherto generally encountered, in the fact that the hopper and filters and water tank for cooling the tuyère are of rectangular section as opposed to circular—the former being a shape that has much to commend it as regards compactness and saving of space.

The Bellay is a cross-draft system, based in principle upon a Belgian design which was in being some appreciable time before the war. There were, of course, a considerable number of well-developed Continental systems at a time when little attention had been paid to producer gas in Britain. Improvements have been incorporated as the result of experience, with particular reference to car use.

The principle has been established in Britain that all motor-vehicle and trailer manufacturers shall be eligible to receive general licenses for the export of spare parts for their respective products, according to the British press.

The form of general license now provides that such spare parts may be dispatched, without restriction, to all British destinations, as well as to many allied and foreign countries, including the chief markets of South America.

Persons carrying on a business engaged in purchasing and selling tools for the repair of motor vehicles are required to furnish a return, if so requested, concerning the status of their stocks, and of all disposals of such stocks within any specified period, by a Ministry of War Transport order dated November 28, 1941.

★ VENEZUELA.—As the maximum sale price for replacement parts and accessories for automotive vehicles, the prices in force as of December 1, 1941, have been fixed by the National Price Control Board. These regulations are embodied in a resolution promulgated by the National Price Control Board on January 24, 1942, and were in effect as of January 25, 1942.

Beverages

★ BRITISH WEST INDIES.—The estimated Jamaican production of rum in the 1941–42 season is 18,500 puncheons of 110 imperial gallons each, compared with 16,215 puncheons in the 1940–41 season, in consequence of heavier demand in Great Britain. The increased demand in Great Britain is to replenish stocks damaged by bombings. (This is a correction of the item published in FOREIGN COMMERCE WEEKLY of January 31, 1942.)

Chemicals

★ CHILE.—From 15 to 20 percent of the tartaric acid supply of Chile formerly came from the United States. Chile now produces tartaric acid, and none was imported during the first 9 months of 1941, though 3,000 pounds were imported in 1940, and 23,000 pounds in 1939.

Chile has recently become an important source for United States requirements of argols and wine lees and calcium tartrate.

★ GOLD COAST.—Imports of chemicals into the Gold Coast were valued at $275,000 during the first 8 months of 1941, compared with $288,700 in the corresponding period of 1940.

★ INDIA.—Approximately 90 percent of the current consumption of chromium compounds—potassium bichromate, sodium bichromate, and chrome alum—is in the textile industry, the remainder being consumed by a number of important industries such as in the manufacture of matches, paints, and medicines, and in tanning.

Certain restrictions on the use of these chromium compounds were imposed in October 1941. In the textile industry the order prohibits the use of chrome compounds except in the manufacture of goods to the orders of the Central Government. In other industries there is no prohibition on use, but no person shall sell or otherwise dispose of chromium compounds except on presentation by the purchaser or other recipient of a license in the prescribed form.

Because of the large consumption of hydrochloric and sulfuric acids in the operation of their textile and other mills, the Delhi Cloth & General Mills Co., Ltd., Delhi, India, proposes to erect a plant for the manufacture of these acids. It is understood that the company also is making efforts to produce other chemicals required in their mills.

★ NEW ZEALAND.—Lactic or phosphoric acid may now be used in New Zealand to a limited extent to replace citric or tartaric acid, it is reported. A recent amendment to the Sale of Food and Drugs Regulations included the provision that citric or tartaric acid may be used in the preparation of any food, so long as this regulation remains in force and that not more than 50 percent of such citric or tartaric acid may be replaced by an equivalent quantity of lactic or phosphoric acid.

★ PERU.—Imports of borax into Peru have been expanding during the past few years, primarily as a result of larger demand from gold mining and the local glass industry, the chief consumers of the commodity. Formerly the United Kingdom and the United States were the main suppliers of borax, Britain furnishing by far the largest share until 1940, when the United States was the leading supplier.

Imports of borax into Peru have been as follows: In 1936, 19 metric tons; 1937, 32 tons; 1938, 37 tons; 1939, 28 tons; 1940, 43 tons; first 9 months of 1941, 42 tons. Since there has been no production of borax in Peru during these years, imports represent consumption.

★ UNITED KINGDOM.—From January 1, 1942, the strength and prices, both wholesale and retail, of saccharin and dulcin (p-phenetylcarbamide) powders are put under control in the United Kingdom. As from February 1, 1942, the manufacture of saccharin and dulcin solutions, except for pharmaceutical uses, is prohibited.

An Association of Importer-Distributors of Arsenic is being formed in the United Kingdom to handle the distribution of all supplies of this material. The term "importer-distributor" is defined as a person who purchased arsenic from an oversea source of supply and distributed arsenic, either directly or indirectly to consumers. Any person who carried out both these functions in any part of the period from January 1, 1938, to June 30, 1941, is eligible for membership in the association. Supplies will be allotted for distribution on a quota basis.

Foodstuffs and Allied Products

Coffee, Tea, and Cocoa

★ BRAZIL.—No official forecast of the 1942–43 coffee crop had been made as of January 15. Local observers in close contact with conditions in the interior believe that the yield will be almost twice that of 1941–42, or somewhat more than 7,000,000 bags. Stocks at the chief Brazilian coffee ports are given below:

Date	Santos	Rio	Victoria
	Bags [1]	*Bags* [1]	*Bags* [1]
Dec. 31, 1941	1,357,459	343,110	184,293
Nov. 30, 1941	340,009	323,494	245,601
Dec. 31, 1940	1,739,046	564,021	127,658

[1] Of 60 kilograms.

Exports have been as follows (Brazilian figures):

Date	Santos	Rio	Victoria
	Bags	*Bags*	*Bags*
Dec. 1-31, 1941	690,070	134,428	70,425
Nov. 1-30, 1941	636,192	144,790	48,525
July 1 to Dec. 31, 1941	2,849,197	713,405	244,185
July 1 to Dec. 31, 1940	4,124,728	879,728	260,674

★ DOMINICAN REPUBLIC.—The following table gives average exports of coffee for the period 1931–40 and the figures for 1940 and 1941 (Dominican figures):

Period	Kilograms	Value	Declared export value per 60-kilogram bag
1931–40 average	9,747,399	$1,463,530	$9.00
1940	8,567,178	769,975	5.39
1941	12,109,251	1,473,229	7.30

Shipments during January to May of 1941, amounting to approximately 100,000 bags, were to fill the Dominican portion of the 1939–40 Inter-American Coffee Agreement quota, while shipments during the rest of 1941, amounting to approximately another 100,000 bags, were for application to the 1941–42 quota. Thus the quota for a year and a half was shipped in 1 year. About 90 percent of these shipments went to the United States, and as a consequence it was estimated on January 1, 1942, that not more than about 25,000 bags of the 1941–42 local quota remained to be filled. Merchants reported that the greater part of these 25,000 bags were shipped during the first 3 weeks of January, and that coffee shipments to the United States to fill the present quota would therefore cease early in February. As a result, the 1941 coffee export figures show abnormally large shipments which merchants state cannot be duplicated in 1942—since the chief buyer, the United States, obviously took during the last months of 1941 the greater part of the stocks which ordinarily would be exported during the first months of 1942.

The main reason for this extremely rapid filling of the 1941–42 quota is the fact that not only did the Dominican coffee harvest begin early this winter but it is also unusually large in volume. The southern and southwestern regions, where the best quality and greatest quantity of coffee are actually produced, were beginning their harvest toward the end of January. Since the export market is nearly filled, it is estimated that approximately 125,000 bags produced in this area will find few buyers regardless of price. However, some of this surplus will be disposed of to a few merchants who are willing to buy the better grades of coffee now for the 1942–43 quota which will go into effect in October 1942.

Recent Government regulations imposing strict rules for the gathering and preparation of coffee are admitted to be having a good effect. Although these regulations have not cut down the volume of production, the resulting better quality is receiving higher prices.

By reason of the continued stability of cacao prices on the New York market, there are no new developments in prices paid to cacao producers in the Dominican Republic.

Movement of the cacao crop being harvested toward the end of January was slow, owing to lack of rain, considerably retarding the ripening of the pods. A substantial volume of monthly shipments has, however, been maintained. During the last quarter of 1941 over 1,000,000 more kilograms of cacao were exported than in the same period in 1940. The export position of the Dominican cacao industry in comparison with 1940, and with the average for 1931–40, inclusive, is shown below:

Period	Kilograms	Value	Declared export value per 100 kilograms
1931–40 average	23,133,133	$1,760,561	$7.62
1940	23,017,570	1,617,104	7.12
1941	19,287,241	2,249,679	11.66

★ HAITI.—Coffee shipments were abnormally high, both in quantity and value, during the first quarter of the coffee quota year October 1, 1941, to September 30, 1942, totaling 165,654 bags of 60 kilograms (Haitian figures). This compares with shipments of 78,955 bags for the first quarter of the 1940–41 quota year, and of 89,403 bags for the same period of the 1939–40 year.

It should be noted that 47,505 bags of coffee chargeable to the 1941–42 coffee quota were shipped prior to October 1, 1941—to utilize shipping space available at that time. Thus, shipments chargeable to the current coffee quota year were actually 213,159 bags for the first quarter of the year.

The increase in both the quantity and value of the coffee exports during the first quarter of this fiscal year may be attributed to the Inter-American Coffee Agreement which has permitted higher prices to be paid for Haitian coffee shipped to the United States.

The Inter-American Coffee Board has fixed Haiti's quota for the coffee quota year 1941–42 for the United States market at 305,083 bags of 60 kilograms, or a total of 18,305,000 kilograms. Reportedly the unfilled portion of the quota has been already purchased from the grower.

The coffee crop for the 1941–42 year is estimated at approximately 30,000,000 kilograms of exportable coffees, as compared with estimates in January 1941 for the last crop ranging from 20,000,000 to 24,000,000 kilograms.

The carry-over from the 1940–41 coffee quota year was estimated at about 8,000,000 to 9,000,000 kilograms, and there may be available for export during the current coffee year about 38,000,000 to 39,000,000 kilograms of coffee.

During the past coffee year, 2,037,762 kilograms were exported to Canada and about 63,000 kilograms to other destinations. It may be reasonable to assume that these same amounts may be marketed in Canada and countries other than the United States during the current coffee year. Thus, it might be anticipated that 20,500,000 kilograms of Haitian coffee will be exported during the current year, leaving a surplus of 18,000,000 kilograms or about 300,000 bags of 60 kilograms.

★ KENYA.—The coffee outlook for the year July 1, 1941, to June 30, 1942, is extremely bright because of the decision of the British Ministry of Food to purchase 6,500 tons of coffee during this period. Of the total estimated 1941–42 Kenya crop of 16,000 tons, all but 2,000 had been sold by mid-December 1941. It is also understood that the British Ministry of Food is buying 500 tons of coffee from Tanganyika and a similar amount from Uganda.

★ UNITED KINGDOM.—As regards both quantity and price, the new tea purchase contracts for 1942 for India and Netherlands Indies teas show little change from those for 1941, according to the "Manchester Guardian." The total from India is 280,000,000 pounds, against 272,000,000 pounds originally arranged for 1941 plus a supplementary contract for 11,000,000 pounds in the autumn—of which only a part is believed to have been delivered. The price is again 1d. a pound over the average for the years 1937, 1938, and 1939. From the Netherlands Indies the Ministry of Food has again contracted to purchase 48,000,000 pounds at 10d. a pound. This price has been criticized on the ground that it makes no allowance for the higher prices ruling on the Batavia market within recent months. But the higher Eastern prices have afforded no real guide to the world price of tea; they have applied only to the surplus tea available after a large proportion of the crops had been sold to the Ministry of Food. The effect, on the tea trade, of the war now raging in the East cannot be exactly determined.

The Ceylon contract has not been finally settled, states the London Times. The quantity—148,000,000 pounds—is 3,000,000 pounds bigger than the 1941 deliveries. The remaining contracts, though they are not finally agreed upon, are 24,000,000 pounds from British East Africa and 1,000,000 pounds from Malaya and China. The combined total, 501,000,000 pounds, compares with 505,000,000 pounds for 1941, including the supplementary 11,000,000 pounds from India.

Fish and Products

★ ARGENTINA.—An almost fabulous fish which grunts like a pig and has no scales may become a staple item in the Argentine diet as a result of the war. Salted cod, which until the war was imported from Norway, is no longer available. But the Ministry of Agriculture believes its place may be taken by this strange shark-sized fish known in Argentina as the musical fish, the elephant fish, or, if one prefers, the rooster fish.

Fruits, Vegetables, and Nuts

★ ARGENTINA.—With the packing season for Williams pears coming to a close at the end of January, the shortness of the crop is definitely established. The pack is small and the packing season accordingly short. The crop of Williams in both the Rio Negro Valley and the Mendoza district is reported exceptionally small.

The crop, it is said, will grade low. One company is not packing an Extra Fancy grade of Williams in the Rio Negro Valley—only Fancy and "a Good Choice for export." The Mendoza crop will probably grade 80 percent Choice. The low grade is attributed to frost injury bringing about much misshapen fruit. Shippers have been successful in obtaining from the Government permission to ship Choice grade of fruit to Brazil, and it is hoped that a similar authorization will be given for the shipment of Choice grade to the United States.

★ CANADA.—Canadian apples held in cold and common storage, including stocks held by commercial growers, were 430,727 barrels, 830,918 boxes, and 207,198 bushels in other containers on January 1, 1942. Converting all containers to bushels, the combined figures were 2,330,297 bushels, compared with 4,955,670

bushels at January 1, 1941. The apparent net "out-of-storage" movement was 1,600,000 bushels. Canadian pears in cold and common storage, including those in the hands of commercial growers, amounted to 13,079 bushels on January 1, 1942. In addition, there were 3,724 bushels of imported on hand.

Potato holdings amounted to 158,634 tons, a decrease from December 1, 1941, of 48,000 tons. There were also 120 tons of imported potatoes on hand.

Onion stocks were reported as 11,756 tons, compared with 12,960 tons on January 1, 1941. In addition there were 35 tons of imported onions.

There were 88,837 crates of Canadian celery and 3,071 crates of imported on hand on January 1, 1942.

★ IRAN.—Production of raisins for 1941 is estimated at about 30,000 metric tons. Iranian customs statistics show that Germany was by far the greatest importer of Iranian raisins in the year ended March 20, 1941. With the elimination of Germany from this market, there is now no appreciable demand from other sources, and stocks are large. On the basis of incomplete data, stocks in mid-December were estimated at not less than 20,000 metric tons.

The export market for raisins has been uncertain since the latter part of August 1941. However, the shortage of sugar in Iran has caused the villagers in many districts to take raisins instead of sugar with their tea, and in this manner a greater local demand for raisins has been created.

In the 4 months ended July 22, 1941, exports of raisins amounted to 9,081,578 kilograms, of which 5,035,125 went to the Soviet Union, 3,923,871 to Germany, and the remainder to Egypt, Iraq, and Palestine (Iranian figures).

Iran's production of almonds in 1941 was small, and, though no accurate figures are available, exporters estimate it at about 3,000 metric tons. The ratio between shelled and unshelled almonds is 4 to 1. The foregoing estimate therefore indicates production of 2,400 tons of shelled almonds and 600 tons of unshelled almonds. Normally about 40 percent of the crop is locally consumed, but for 1941 it was assumed that the reduced yield and consequent high domestic prices reduced local consumption to about one-third of the total crop.

Stocks are low in consequence of relatively heavy shipments to India, and only small quantities remain in the hands of producers and middlemen.

Exports of unshelled almonds in the 4 months ended July 22, 1941, amounted to 322,616 kilograms, all to India (Iranian figures). Exports of shelled almonds in this period amounted to 1,447,378 kilograms, of which 605,585 went to the Soviet Union, 195,121 to the United States, 195,618 to Switzerland, and 305,913 to British India. Germany, Sweden, Great Britain, Iraq, and Oman also received small quantities.

★ MEXICO.—Farmers in the northwestern section of Mexico may be granted Government subsidies for growing tomatoes and other products for shipment to the United States. Such products now are practically exempt from the 12 percent ad valorem export tax.

Grain and Products

★ ARGENTINA.—The sale of 160,000 metric tons of wheat to Spain was approved by a decree of January 12, 1942. Delivery of the wheat will be made during a period of 4 months beginning January 7. The sale price of the wheat is placed at 6.90 pesos per metric quintal, delivered on railway car in the port of Buenos Aires.

★ INDIA.—The first all-India rice forecast for 1941–42 places the total area sown at 66,353,000 acres, or an increase of 1 percent over the 65,859,000 acres for the corresponding revised estimates of 1940–41. This forecast is based on reports furnished by Provinces and States, comprising a little more than 96 percent of the total rice area in India.

★ MEXICO.—The official rice crop forecast for 1940–41 is 110,000 metric tons, compared with a production of 106,600 metric tons in 1939–40 and the 1933–34 to 1937–38 average of 76,000.

Meats and Products

★ ARGENTINA.—The hog situation in Argentina at the end of January was featured by record receipts, abnormally high average weights, extremely profitable feeding operations in view of the continued low prices of corn, and prospects for record hog receipts in 1942. A contract for shipments of frozen boneless pork to Britain, 40,000 metric tons during the 12-month period to end September 30, 1942, has provided the industry with the largest export outlet that it has ever possessed. This, combined with extremely low corn prices resulting from the lack of export outlets, has brought about exceptionally profitable feeding operations.

Receipts at the packing plants and the Municipal Liniers Market in December were 127,500 head—largest receipts on record for that month. Receipts for the year, of 1,405,700 head, compare with 906,300 head in 1940. The largest previous annual receipts were 1,350,023 head in 1937. There is no tendency toward a decline in the receipts by reason of the interest during the past 2 years in securing breeding stock. Packers are of the opinion that the trend of receipts will continue upward and that during 1942 the receipts may be as much as 2,000,000 head.

Because of the low price of corn, hogs continue to be fed to heavy weights. An average weight during recent weeks for one packing plant has been 115 kilograms, representing a range of 90 to 150 kilograms in individual weights and averaging 25 kilograms higher than the usual average. At the end of January the receipts of heavy hogs were beginning to create a problem as to their disposal in the local market.

The following table shows exports of leading pork products in the past 3 years (Argentine figures):

Item	1939	1940	1941
	Metric tons	*Metric tons*	*Metric tons*
Chilled pork	12	9	4
Frozen pork	,292	1,546	30,971
Salted pork	1,874	506	649
Pork products	4,657	905	1,446
Lard	3,894	2,689	8,471

★ BRAZIL.—The Brazilian Government reportedly has contracted for the sale to the British Government of 69,000 tons of canned beef. The prices arranged for this beef are notably higher (about 26 percent) than those offered by Great Britain in 1941. The f. o. b. prices established in the new contract are as follows:

Item	For 12 cans of 12 ounces each	For 12 cans of 6 pounds each
First quality	7s. 4d.	£2 13s. 9d.
Second quality	6s. 10d.	£2 11s. 6d.

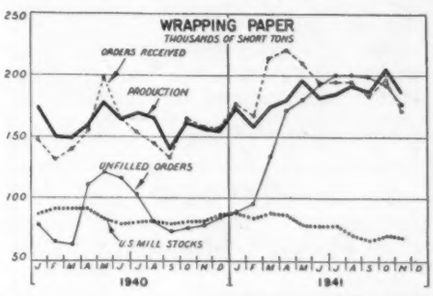
The new agreement with Britain constitutes the biggest contract for canned-meat exportation that Brazil has ever closed. Although Britain has for a long time been a good customer for frozen meat, most of the exports of canned meat up to 1939 had been going to the United States.

Of a total exportation of 34,361 tons in 1939, the United States received 21,876 tons and Britain 10,710 tons (Brazilian figures).

In 1940 England began taking a keen interest in Brazilian canned meat, purchasing in that year 35,781 tons out of total exports of 46,370 tons. Exports to the United States decreased in the same year to 8,357 tons. The British market became particularly interesting because of the prices paid there. A kilogram of canned meat exported to England paid 5 milreis, compared with 3$250 for a kilogram sold in the United States.

In the first 9 months of 1941, total exports of canned meat rose to about 50,000 tons, and for the entire year they probably amounted to 60,000 tons.

★ IRELAND (Eire).—Exports of canned meat to the United Kingdom were resumed on December 13, 1941. About 9,000,000 1-pound cans of meat were said to be ready for export to Britain, and shipment of the entire lot was expected to be completed by December 31. The resumption of exports of canned meat, mainly canned steak, followed an arrangement with the British Ministry of Food for removal of the temporary ban on Irish canned meat, which had been in existence for nearly 4 weeks. About



eight Irish factories are engaged in producing canned meats for export.

Spices and Related Products

★ FRENCH OCEANIA.—Exports of vanilla beans from French Oceania during the quarter ended September 30, 1941, amounted to 32,870 kilograms, compared with 34,053 in the corresponding quarter of 1940 (French figures).

The following table gives the countries of destination of vanilla beans exported during the third quarters of 1940 and 1941:

Destination	Third quarter	
	1940	1941
	Kilograms	*Kilograms*
United States	30,061	26,103
Australia	3,267	3,230
New Zealand	308	1,681
Canada	417	1,288
Other countries		568
Total	34,053	32,870

On September 30, 1941, approximately 40 tons of vanilla were awaiting shipment in Papeete (island of Tahiti), most of which was expected to be shipped before the end of December. Local merchants stated that there had been a marked increase in the demand from Australia, and they expected that about 40 percent of the stock on hand would be sold there.

Local growers estimate that the first 1942 cutting of vanilla beans will yield from 30 to 40 percent per hectare less than normal, because of dry weather that prevailed in the colony during the summer and fall of 1941. The shortage will be, to some extent, made up by new plantations producing for the first time.

Sugars and Products

★ BULGARIA.—The sugar situation in Bulgaria last fall, according to available official data, is as follows:

Item	Actual figures, 1940–41	Estimates, 1941–42
	Metric tons	*Metric tons*
Initial stock on Sept. 1	3,000	12,000
Production	40,000	50,000
Imports	20,000	15,000
Consumption	51,000	65,000
Exports		
Final stock on Aug. 31	12,000	12,000

Sugar consumption in Bulgaria has gradually increased from 31,000 metric tons in 1939 and 35,000 in 1940 to 51,000 tons in 1941 and expected consumption of 65,000 tons for the period September 1, 1941, to August 31, 1942. The consumption of 65,000 metric tons of sugar, however, is estimated for Bulgaria *including* the newly occupied territories of Thrace and Macedonia.

Avenge
Pearl Harbor!

★ DOMINICAN REPUBLIC.—Total sugar production for December 1941 amounted to 3,702 metric tons. Production figures for Central Amistad represent the completion of its grinding operations for the 1940–41 season, while the production figures for Central Santa Fe represent the commencement of grinding operations for the 1941–42 season. All other production figures are adjustments of sugar inventories as per actual count of bags produced.

The remaining 12 mills were expected to start grinding during January 1942, and all but two had actually begun by January 26. As a result, an estimated 75,000 metric tons of sugar will be produced each month for the next 5 or 6 months.

Sugar prices continue to improve and are now quoted at $2.49 per 100 pounds f. o. b. Dominican ports.

★ EGYPT.—The following figures cover the sugar season ended October 31, 1941, and estimates for the season starting November 1, 1941:

Item	Raw sugar	Refined sugar
FINAL FIGURES, SEASON STARTING NOV. 1, 1940		
	Tons	*Tons*
Stocks on Nov. 1, 1940	55,060	12,341
Production during 1940–41	175,267	
Imports	10,150	
	240,477	
Less sugar destroyed by fire	1,431	
	239,046	
Raw sugar refined	198,380	
Production of refined sugar		196,309
	40,666	208,650
Consumption in Egypt	516	133,420
Exports		66,261
Total		199,681
Stocks on Oct. 31, 1941	40,150	8,969
ESTIMATED FIGURES, SEASON STARTING NOV. 1, 1941		
Stocks on Nov. 1, 1941	40,150	8,969
Production during 1941–42 season	170,000	
Imports	4,000	
	214,150	
Raw sugar refined	180,000	
Production of refined sugar		178,000
	34,150	186,969
Consumption in Egypt	1,000	139,000
Exports	(1)	40,000
Total		179,000
Stocks on Oct. 31, 1942	33,150	7,969

[1] Not available.

★ IRAN.—Loaf-sugar production amounted to 24,214,516 kilograms and granulated sugar 11,419,629 kilograms in the year ended March 21, 1941. This compares with 21,407,928 kilograms of loaf sugar and 4,039,504 of granulated produced in the preceding year.

★ IRELAND (EIRE).—More than 1,500 tons of clean and dried sugar-beat seed reportedly were produced in Eire in 1941. The germinating capacity is said to compare favorably with that of the seed formerly imported from the Continent. An average yield of about 1 ton per acre was reported. Sugar-beet seed was produced on a commercial scale for the first time in 1941.

Iron and Steel

★ BRAZIL.—Certain percentages of substitutes for tin plate for packaging of a variety of products sold on the Brazilian market has been decreed by the Brazilian Government. The products involved and the percentages of substitution are enumerated in the decree.

★ INDIA.—The supply of scrap, which constitutes the raw material for rerolling mills, is hardly sufficient for normal operations. The Indian Government has warned that in the event of a shortage special measures will be taken to regulate the supply to rerolling mills and other users, and that consideration will not be shown to mills which have come into operation subsequent to August 31, 1941. This warning was prompted by reports that a number of new rerolling mills were being planned because of the steel shortage in India.

One of the many and varied engagements undertaken by the Tata Iron and Steel Works in defense production for the Government is the manufacture of tools. The company is reported to be currently producing 50,000 tools of various types monthly for the army.

The Mysore Iron and Steel Works at Bhadravati has completed plans to produce baling bands. This plant reportedly has placed an order for a strip mill in England for this purpose. Baling bands are not now produced in India. Stocks of the bands and ties are said to be running low, and the attention of consuming industries has been called to the possibility of a severe shortage.

Leather and Products

★ PERU.—Production of raw hides and skins in Peru during December 1941 amounted to approximately 15,000 cattle hides, 120,000 sheep skins, and 77,000 goat and kid skins. The production figures for the year 1941 were 260,000, 1,440,000, and 767,000 skins, respectively.

Exports of hides and skins were approximately as follows during December 1941: Cattle hides, wet-salted, none; dry-cured, 5,045, dry-salted, 285, total 5,330. For the year 1941, hide exports amounted to 7,682, 33,782, and 30,813, respectively, a total of 72,277. Exports of sheep skins totaled 85,914 in December (400,740 for the year 1941), and goat and kid skins 71,097 in December (728,082 during 1941). Exports of raw hides and skins to the United States during December and the year 1941 were as follows: Cattle hides, wet-salted, none in December, 128,982 kilograms for the year 1941; cattle hides, dry-cured, 60,543 kilograms during December, 405,402 during the year 1941; cattle hides, dry-salted, 4,000 kilograms during December, 349,863 for the year 1941; sheep skins (slats), 42,957 kilograms during December, 200,370 dur-

ing the year 1941; goats and kid skins, 58,171 kilograms during December, 595,800 in the year 1941.

The apparent stocks of cattle hides, as of January 1, 1942, numbered approximately 26,920 pieces; sheep skins, 2,214,500 pieces—no goat and kid skins.

Lumber and Products

★ CANADA.—A continuing demand for lumber to fill wartime requirements is anticipated from the United States. The Timber Control has appealed to the lumber industry to produce a maximum quantity of lumber during 1942, since it is expected that large quantities of lumber will be required for normal uses and as a substitute for other materials. Forest-felling camps in all seasonal producing areas have been asked to keep in operation to the latest possible date.

★ SWITZERLAND.—Wood is being used for the production of artificial wool in Switzerland. Production of wool from wood now totals 30 tons daily. Industrialists believe that the industry, once established, will continue after the war.

★ TURKEY.—Stocks of fir and pitch-pine timber in Istanbul and Ankara have been requisitioned by the Government in accordance with an emergency measure passed November 27, 1941, by the Council of Ministers. All persons and legal entities engaged in the timber trade were requested to submit a declaration within 5 days from publication of the decree (December 5, 1941) showing the quantity, dimensions, and quality of fir and pitch-pine lumber in stock. The Government is to purchase the timber at its proper value, the price to be fixed by the local Price Control Commissions.

Medicinals and Crude Drugs

★ BOLIVIA.—The general lack of interest in the Bolivian market that is being shown by American exporters of drugs and pharmaceutical supplies is encouraging continued purchases of German products of this nature.

Supplies in Bolivia of German drugs and pharmaceutical products have been adequate to supply the market ever since the war began; in some cases these supplies are known to have come from Germany via L. A. T. I. (Italian trans-Atlantic air line), and in other cases they have been shipped from factories in Argentina and in Chile. Products of certain German firms have long been known in Bolivia and are in most cases prescribed by practicing physicians; and purchases will continue as long as German supplies are available and as long as there are no American products to replace them.

★ CANADA.—In the pharmaceutical and cosmetics industry, definite limitations have been announced as to the introduction of new products. Manufacturers of pharmaceuticals, proprietary medicines, toilet goods, surgical dressings, physicians' and dentists' supplies have been told that the Price Control Administration is opposed to the putting on the market of new products for the duration of the war except in cases where the health or general welfare of the people will be conserved by so doing.

New preparations or items which are only a slight modification of former ones are discouraged, and all new packagings or products, before being put on the market, must be submitted to the Retail Trade Administrator for approval and the fixing of a resale price.

These orders, it is expected, will facilitate greatly the problem of guarding against violations of the price ceiling, as well as effect economies enabling manufacturers to keep their costs stable.

★ MEXICO.—A further increase of 50 percent on medicinal and pharmaceutical preparations was made on January first, making a general price increase of more than 200 percent on these products since 1939.

★ NEW ZEALAND.—An intensive drive is again being made this year for collection of ergot for medical purposes. Supplies of ergot will be sent to Britain, as other sources have been inaccessible since the war began. In New Zealand ergot is collected from diseased seeds of tall fiscue and marram grass, mostly by patriotic groups of Boy Scouts, Girl Guides, and the like.

Motion Pictures

★ EL SALVADOR.—A flat 5 percent tax on the gross income of motion-picture producers, distributors, or vendors of moving-picture films shown in El Salvador has been established by legislative decree. This tax is levied on the gross income of such person or firms, and it will be calculated and collected at the source—that is, on the basis of a daily checking of box-office receipts.

★ NEW ZEALAND.—There are 572 motion-picture theaters in New Zealand, with a seating capacity of 271,535. Attendance during the 1940–41 season is given as 19 per person of the population, or 31,491,811 paid admissions, compared with 31,171,130 during the 1939–40 season.

Nonferrous Metals

★ CANADA.—The value of the mineral output of the Province of Manitoba in 1941 is estimated at $17,500,000, a slight decrease compared with the value of the 1940 production of $17,829,000.

In 1941, the Hudson Bay Mining & Smelting Co., largest zinc operator in the Province, completed the sinking of a main shaft and the installation of machinery capable of hoisting ore from a depth of 4,500 feet at the rate of 6,000 tons daily. The enlarged zinc plant is already operating on that scale (pre-war production was at the rate of about 4,500 tons daily). A pilot plant has been opened to recover metals from the zinc residue piles that have been accumulated since 1930. It is estimated that these piles contain close to 300,000 tons of residue running as high as 23 percent zinc. The process involves the treatment of the residues with sodium chloride which precipitates the greater part of the gold, silver, and copper. The remaining zinc, with iron and other impurities, is roasted and yields practically a pure zinc oxide. If this laboratory process proves successful in the pilot plant, a larger plant is anticipated for the treatment of the residue from current operations.

The Sherrit-Gordon Mines maintained normal copper-production rate during 1941 and continued exploration work with satisfactory results.

The San Antonio Gold Mine completed a major expansion program during 1941. The company is now milling at the rate of 500 tons daily, with ore reserves exceeding 4 years' supply at this rate. Gods Lake Gold Mines completed a new shaft to a depth of 1,900 feet, and is operating at the rate of 200 tons daily. Gunnar Gold Mines uncovered promising new ore occurrences and continues to treat 140 tons daily. During 1941, the area north of the Pas entered the ranks of gold producers, with the Century Mining Corporation producing 125 tons of ore daily.

Prospecting continued on a more restricted scale throughout the Province in 1941, but interest was reawakened by a tin discovery north of Island Lake.

★ CHILE.—Mineral shipments through the Chilean port of Antofagasta on foreign vessels other than those of the United States, in October 1941, included the following:

Mineral	Metric tons	Nationality of vessels
Antimony ore [1]	689	British.
Tin slags [1]	610	Do.
Copper ingots and cathodes [2]	3,258	Chilean.
Antimony ores [1]	448	Japanese.
Copper ores	280	Do.
Gold-silver-copper ores	286	Do.
Wolfram ores [1]	45	Do.

[1] Originates in Bolivia. [2] Destined for Argentina.

★ GUATEMALA.—A concession reportedly has been granted for exploitation of extensive deposits of chromite in the Department of Zacapa. Occurrences of manganese ore are also reportedly included in the concession. The operations will be financed exclusively with Guatemalan capital, and the ore will be exported to the United States.

Chrome mining in Guatemala has been disappointing in past years. Production during the best years has averaged about 1,000 tons annually; operation expenses have usually been in excess of income received from the sale of the ore. Experienced operators are somewhat pessimistic as to the future of the industry in Guatemala.

★ IRAN.—Copper in small quantities was produced at Baghcheh Bagh and at Anarek in 1941 for military purposes.

★ VENEZUELA.—Compañía Anónima Minerales de San Jacinto, the company formed in Caracas in April 1941 to exploit and develop cinnabar deposits in Venezuela, expected to begin treating

the ore late in January of the current year. A monthly production of 100 flasks is expected.

Nonmetallic Minerals

★ ARGENTINA.—The Argentine portland cement industry has shown great progress in recent years. The 11 cement plants accounting for Argentina's output produced 2,111,240 tons in 1940, of which amount the 4 plants in the Province of Buenos Aires produced 1,206,040 tons, 2 in the Province of Cordoba 328,500 tons, 2 in the Province of Mendoza 205,400 tons, 1 in the Province of Entire Rios 146,000 tons, 1 in the Province of Santiago del Estero 135,050 tons, and 1 in the Province of Salta 91,250 tons.

Imports of cement into Argentina in 1941 were nil; in 1940 imports totaled 926 tons, a considerable rise over the 1928 imports of 477,058 tons. (Argentine figures).

★ CHILE.—Cement manufacture in Chile is a virtual monopoly of Cía. Fábrica de Cemento de "El Melón" of La Calera. Normally, domestic production is sufficient to take care of the greater part of Chile's requirements.

Increased demand for cement for use in reconstruction of demolished and damaged buildings, as a result of the 1939 earthquake, is reflected in the marked rise in imports in 1940.

Production and imports of cement during the years 1935–41 are shown in the following table:

Year	Domestic production	Imports
	Metric tons	*Metric tons*
1935	284,885	17,000
1936	248,424	1,700
1937	313,110	1,800
1938	363,987	1,700
1939	340,756	1,500
1940	385,091	13,700
1941 (Jan.–Sept.)	(1)	30,607

[1] Not available.

During the first 7 months of 1941, cement was imported into Chile from the United States, Japan, Argentina, and Great Britain (in order of importance).

Paints

★ CANADA.—The paint and varnish industry of Canada uses appreciable amounts annually of resins, shellac, other gums and waxes, glue and other products, as driers. These products cost at works $799,300 in 1940, compared with $655,400 in 1939. Large quantities of oils likewise are used, particularly tung oil, linseed oil, and perilla oil, which cost $3,119,100 in 1940 and $2,373,000 in 1939. Smaller amounts of castor oil, fish oils, soybean oil and other oils also were used. Details are shown in the following table:

Item	1939	1940
Cobalt salts.....pounds	52,979	89,332
Glue.....do	362,354	372,400
Linoleate driers.....do	13,763	14,707
Manganese salts.....do	52,461	50,895
Resins.....do	5,079,688	5,682,939
Resinate driers.....do	19,988	15,452
Shellac.....do	616,942	680,400
Other gums and waxes.....do	1,533,808	1,389,021
All other driers.....do	311,475	428,979
Tung oil.....do	4,694,099	4,336,758
Linseed oil, raw Imperial gallons	1,203,645	1,337,551
Linseed oil, boiled.....do	759,953	612,077
Perilla oil.....pounds	5,648,673	3,457,670

Avenge
Pearl Harbor!

Paper and Related Products

★ AUSTRALIA.—Australian Newsprint Mills Proprietary Limited, Tasmania, which began production in April 1941, is maintaining an output of 400 tons of newsprint a week. With improvements now in effect, it is expected that production will be stepped up to 26,800 tons a year. Because of rationing and the desire to assist the Government in conserving the dollar resources, strong efforts are being made to expand the production of the Tasmanian mill, with plans to produce a further 40,000 tons of newsprint a year. This will involve an expenditure of about £2,250,000 and, if accomplished, will produce almost enough newsprint for Australia on the present rationing basis. The extension is supported by all the newspapers which are shareholders in the newsprint company, and other publishers have promised substantial financial support if the project is continued.

Petroleum and Products

★ GUATEMALA.—All naphthalene imported into Guatemala is usually by pharmacists and is ultimately sold to the public for insecticidal and medicinal purposes, or for use in laboratories. Until 1940, the United States, the United Kingdom, and Germany were the only exporters of naphthalene to Guatemala, the United States supplying nearly one-half of the total. Since 1940, however, the United States has become the sole shipper of naphthalene to Guatemala. Imports of naphthalene into Guatemala during the 5 years 1937–41 averaged 2,450 pounds annually.

Radio

★ INDIA.—Radio receiving-set licenses issued during October 1941 totaled 13,514, of which 8,947 represented renewals and 4,567 were new issues. The total number in force at the end of October 1941 was 142,125, compared with 114,817 a year ago.

Air-raid precautions for All-India Radio stations was one of the topics discussed at the thirteenth annual conference of the directors of such stations in India held in Delhi in the last week of October 1941.

★ SWEDEN.—The total number of radio receiving-set licenses held in Sweden at the close of 1941 was 1,550,961. The total licenses issued through June 30, 1941, was 1,517,390, showing a gain of 33,571 for the 6-month period ended December 31, 1941.

Resins and Waxes

Importation into the United States of 1,794,000 pounds of beeswax during the 3 months July, August, and September 1941 brought the total for the 9 months ended September 30, 1941, to 4,400,000 pounds, a figure only a little less than that for the entire 12 months of 1940. Indications are that total receipts for the entire year were considerably above those for the year 1940 and above the average of preceding years.

Imports of beeswax during the first 9 months of 1941, in pounds, were as follows: Mexico, 183,800; Cuba, 701,200; Dominican Republic, 487,800; Guatemala, 56,000; Haiti, 58,200; Brazil, 1,464,200; Chile, 526,300; Portugal, 39,800; Belgian Congo, 106,400; Madagascar and other French Africa, 129,600; Portuguese Africa, 501,400; and British East Africa, 1,600. Several other countries furnished the remaining small amounts imported.

★ FRENCH INDOCHINA.—Stick-lac has been produced in Indochina for a long time. It is called "canh kien" in Annamite, which literally means "wings of the ant"—probably so-called because of its physical resemblance to insects' wings. Stick-lac formerly was produced by the natives mainly for its coloring substance, lac dye, which was used as a dyestuff in the local textile industry. Production of stick-lac has been a regular industry since 1920 when the demand from local European export firms increased greatly. The total Indochinese production of stick-lac amounts to 1,000 to 1,500 metric tons annually. The resin is more or less similar to stick-lac produced in Thailand and British Malaya but differs from Indian stick-lac. The quality of the Indochinese resin has improved considerably, and the Government is now exercising a certain control of the quality of stick-lac and shellac destined for export.

At present a large proportion of the local resin produced is used by the natives to make handles for knives and tools, to protect agricultural equipment against rust, and in the preparation of a drug for teeth lacquering. Part of the raw stick-lac is exported, and a certain quantity is transformed into shellac, seedlac, buttonlac, and so forth.

A considerable proportion of the stick-lac produced in Indochina is exported, France and Hong Kong normally being the chief purchasers. Only very small

amounts of stick-lac and shellac have been exported from Indochina to the United States.

★ SIERRA LEONE.—There is a small export of clarified beeswax from Sierra Leone to the United Kingdom, the sale of which has in the past been arranged by the Department of Agriculture of Sierra Leone.

Soaps

★ MEXICO.—The size of soap bars has been reduced by Mexican manufacturers in an effort not to show too much price increase to the consumer. Soap manufacturers have restricted sales as far as possible in an effort to check retailers from increasing their usual stocks.

Textiles and Related Products

Silk and Products

★ VENEZUELA.—A domestic company has recently been organized to develop and exploit the silk-growing industry in Venezuela. The company now has 500,000 mulberry trees in its experimental station situated in the State of Miranda, and 100,000 silkworms that are now spinning cocoons. Other experimental stations will be installed later in different sections of the country suitable for growing mulberry trees.

Wool and Products

★ ARGENTINA.—Exports of wool during the week ended January 29, 1942, totaled 9,284 bales, all destined to the United States. Some sales of medium and fine crossbreds have been made to the United States, but the volume was small, since local market prices for medium crossbreds were above parity U. S. ceiling prices. No American interest in low crossbreds and other carpet wools was shown, and local prices were mostly nominal because of lack of transactions.

★ URUGUAY.—The wool market was moderately active during the week ended January 31, 1942, with prices firm and sales amounting to approximately 2,000 bales. Unsold stocks of lambs' wool and bellies were practically exhausted, with coarse crossbreds becoming scarce. Exports to the United States during this period amounted to 1,741 bales, of which 1,465 were 48's and finer.

Miscellaneous Fibers

★ MEXICO.—Exports of henequen fiber from Progreso during December 1941 amounted to 6,740 metric tons of long fiber, of which 5,435 tons were destined to the United States and 1,305 to Brazil. In November 1941 exports totaled 5,767 metric tons, of which 4,196 tons were shipped to the United States, 1,371 to Argentina, and 200 to Venezuela. Exports of short fibers totaled 671 metric tons in December 1941, compared with 495 tons in November 1941. During the year 1941 exports of henequen fiber from Progreso amounted to 74,100 metric tons of long fiber, compared with 48,366 tons during the year 1940. To the 1941 figures should be added 4,700 metric tons, representing an order placed early in 1941 for delivery to the Soviet Union. Available information indicates that only 4,500 metric tons were shipped, while the remaining 200 tons were disposed of in the United States or South America. Exports of short fibers in 1941 amounted to 5,340 metric tons, compared with 2,389 tons in 1940.

Exports of cordage during December 1941 amounted to 1,307 metric tons, compared with 862 tons in November 1941. Details of exports during December 1941 are as follows: Binder twine, approximately 1 metric ton, destined to the United States; henequen twine, 846 metric tons, of which 844 were shipped to the United States and 2 to Peru; henequen rope, 176 tons, of which 6 were shipped to the United States, 59 to Canada, 9 to Ecuador, 24 to Paraguay, and 78 to Peru; henequen bags, 284 metric tons, of which 2 were shipped to the United States, 275 to Cuba, and 7 to Nicaragua. During the year 1941, 15,249 metric tons of cordage were exported, compared with 9,240 metric tons in 1940.

Sales to the domestic market during December 1941 amounted to 4,633 bales of cordage, 462 of short fibers, and 126 bales of long fibers.

★ NEW ZEALAND.—Shipments of approximately 356 long tons of fiber flax have been made to the United Kingdom since this new culture was started in New Zealand a year ago. The quality of the fiber is reported to be satisfactory.

Wearing Apparel

★ CANADA.—Umbrella manufacturers have agreed to standardize their product. The industry has agreed to manufacture umbrellas which will fit into three retail price ranges, depending on the number of ribs, as follows: 10-rib standard to retail at $1.98; 12-rib extra to retail at $2.98; 16-rib special for top grade.

Canadian umbrella manufacturers are still wholly dependent on United States made frames. The handle supply situation as regards plastics is becoming more and more difficult, but there is leeway for changing over to locally made wooden handles as an economy measure so as to remain within the price ceiling. The industry, which is small in number of units, has agreed to absorb any additional costs to date and will not apply for any subsidies.

★ INDIA.—The market for hats is confined to the European and Anglo-Indian sections of the population, which number 150,000 (including military) and 200,000, respectively, and some Indians who have taken to Western modes of dress.

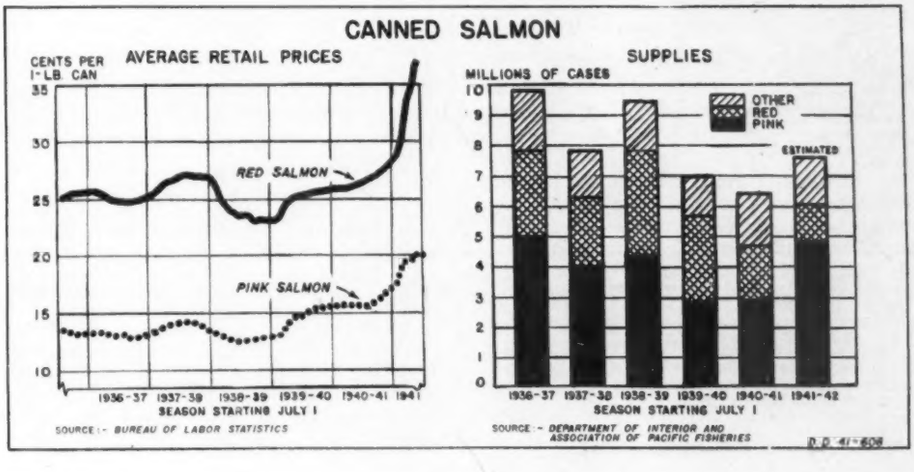
In most parts of the country during the greater part of the year the common headdress for men is the pith helmet, commonly known as a "topee" which is worn as a protection against the sun. A considerable number of sun helmets (cork and pith) are manufactured in India. Straw hats are seldom worn by Europeans, and felt hats are used only to a limited extent, during the cold-weather months.

The total value of imports into India of hats, caps, bonnets, and hatters' ware has averaged around 800,000 rupees ($270,000 U. S. currency) annually in pre-war years. Japan was the most important supplier, with 65 percent as its share of the total value, followed by the United Kingdom, Czechoslovakia, and Italy in that order of importance.

While it is true that imports from Japan, Czechoslovakia, and Italy have ceased and that imports from the United Kingdom are small, it is not possible for other countries to enter the market at the present time in view of the Indian import restrictions now in effect.

★ IRELAND (Eire).—An order recently issued by the Irish Government authorizes the importation into Eire of 80,000 hoods, shapes, caps, and hats for women and girls between January 1 and June 30, 1942, which has been designated as the eleventh quota period.

★ UNITED KINGDOM.—To encourage mending of clothing, a trader is authorized to supply another trader or a retail customer, without surrender of coupons, scraps of cloth not over ½ square foot in size, and with pieces of moleskin cloth not over 1 square yard in size.



European, Far Eastern, and Other Exchange Rates

NOTE.—*For Latin American Rates See Opposite Page*

COMPILED IN INTERNATIONAL ECONOMICS UNIT

New York Rates Reported by Federal Reserve Board

Country	Unit quoted	Annual average rate		Monthly average rate		Rate on Feb. 11, 1942
		1939	1940	December 1941	January 1942	
Australia	Pound (free)	*$3.5338	$3.0516	$3.2150	$3.2150	$3.2150
	Pound (official)		3.2280	3.2280	3.2280	3.2280
Canada	Dollar (free)	.9602	.8514	.8739	.8783	.8827
	Dollar (official)		.9091	.9091	.9091	.9091
Hong Kong	Dollar	.2745	.2296	.2504	(†)	(†)
India	Rupee	*.3328	.3016	.3013	.3012	.3012
New Zealand	Pound	3.5482	3.0638	3.2278	3.2278	3.2278
Straits Settlements	Dollar	*.5174	.4698	.4716	.4701	.4653
Union of South Africa	Pound	*4.4017	3.9800	3.9800	3.9800	3.9800
United Kingdom	Pound (free)	4.4354	3.8300	4.0350	4.0350	4.0350
	Pound (official)		4.0350	4.0350	4.0350	4.0350

Official Rates in Foreign Countries

[New York rates not currently available]

Country	Official rate	Equivalent in United States dollars of unit quoted	Annual average rate [1]	
			1938	1939
Afghanistan	4 Afghanis=1 rupee	$0.0753		
Belgian Congo	44.25 Congolese francs=$1.00	.0226		
Belgium	1 belga=RM 0.4000	[2].1600	$0.1689	$0.1685
Bulgaria	1 lev=RM 0.0305	[2].0122	*.0124	[3]*.0121
China (Shanghai)	1 yuan=$0.0531	[4].0531	*.2136	*.1188
China—Manchuria	1 M. yuan=1 yen	.2344	.2845	.2596
Czechoslovakia:				
Bohemia-Moravia	1 koruna=RM 0.10	[2].0400	*.0347	[3]*.0343
Slovakia	1 Slovak crown=RM 0.0860	[2].0344	*.0347	[3]*.0343
Denmark	5.18 kroner=$1.00	.1931	.2183	.2035
Egypt	£E0.24072=$1.00	4.1542	[5]5.0130	[3]4.5463
Finland	49.35 markkaa=$1.00	.0203	.0216	*.0199
France:				
Occupied area	1 franc=RM 0.0800	[2].0200	.0288	.0251
Unoccupied area	43.90 francs=$1.00	.0228	.0288	.0251
French Indochina	1 piaster=$0.2269	.2269	[7].2880	[7].2510
Germany	RM 2.50=$1.00	.4000	*.4006	*.4002
Greece	1 drachma=RM 0.0167	[2].0067	.0090	.0082
Hungary	5.13 pengo=$1.00	.1949	.1973	.1924
Iceland	6.505 kroner=$1.00	.1537		
Iran	35 rials=$1.00	.0286		
Iraq	1 dinar=£1 sterling	4.0350	[8]4.8894	[8]4.4354
Italy	19 lire=$1.00	.0526	.0526	.0520
Japan	1 yen=$0.2344	.2344	.2845	.2596
Netherlands	1.8838 guilders=$1.00	.5308	.5501	.5334
Netherlands Indies	1.8925 guilders=$1.00	.5284	[8].5501	[8].5334
Newfoundland	$1.10 Newfoundland=$1.00	.9091	.9942	.9602
Norway	4.375 kroner=$1.00	.2286	.2457	.2327
Palestine	£P1=£1 sterling	4.0350	[8]4.8894	[8]4.4354
Poland ("General Governorship").	1 zloty=RM 0.5000	[2].2000	.1886	[2].1884
Portugal	100 escudos=£1 sterling [9]	[10].0404	.0443	.0404
Rumania	191.30 lei=$1.00	.0052	*.0073	[11]*.0071
Spain	10.95 pesetas=$1.00	.0913	*.0560	*.0999
Sweden	4.175 kronor=$1.00	.2395	.2399	.2380
Switzerland	4.31 francs=$1.00	.2320	.2253	.2268
Syria	2.195 pounds=$1.00	.4556	[7].5760	[7].5020
Thailand (Siam)	11 bahts=£1 sterling	.3659	.4445	.4032
Turkey	£T1=$0.75	.7500	.8011	.8024
U. S. S. R.	5.30 rubles=$1.00 [12]	.1887		
Yugoslavia:				
Croatia	1 kuna=RM 0.0500	[2].0200	*.0231	[11]*.0227
Serbia	1 dinar=RM 0.0500	[2].0200	*.0231	[11]*.0227

*Nominal. †Not available.

[1] Averages are in dollars per unit of foreign currency and are based on daily quotations of noon buying rates for cable transfers in New York City as reported by the Federal Reserve Board.

[2] Based on German official rate for United States dollar.

[3] Average for first 8 months only.

[4] Rate set Aug. 18, 1941, by Chinese Stabilization Board

[5] Average for first 3 months only.

[6] Based on average for pound sterling.

[7] Based on average for French franc.

[8] Average for Netherlands guilder.

[9] Official rate in London.

[10] Based on official rate for pound sterling.

[11] Average for January–August and November–December.

[12] For foreign-trade valuation purposes only.

Like the Pea in the Shell Game

(Continued from p. 5)

canned meats thus received in 1941, was $2,047,000.

In the present war emergency, with the armed forces requiring large quantities of meat, the existence of the zone facilities, as in the case of tungsten, acquires a vast new importance.

Aid to Humanitarian Work

But these are not the only new uses which have developed with the emergency. Today the humanitarian work of the Red Cross is greatly facilitated by the zone. According to the Red Cross officials, now at the zone in charge of making up the packages sent abroad, the total expense of each package is reduced about one-sixth through the use of the zone. In other words, of every $50,000 contributed to the Red Cross for this work they are able to save $8,000.

How are they able to do this? The standard Red Cross package No. 7, about 20,000 of which are sent to war prisoners each month, contains:

Evaporated milk, irradiated.	1 14½-ounce can.
Lunch biscuit (hardtack).	1 8-ounce package.
Cheese	1 8-ounce package.
Instant cocoa	1 8-ounce tin.
Sardines	1 15-ounce can.
Butter	1 1-pound tin.
Corned beef	1 12-ounce tin.
Sweet chocolate	2 5½-ounce bars.
Sugar, granulated	1 4-ounce package.
Powdered orange concentrate (vitamin C).	1 7-ounce jar.
Prunes	1 16-ounce package.
Instant coffee	1 4-ounce can.
Cigarettes	2 20's.
Smoking tobacco	1 2¼-ounce package.

A number of import items, such as corned beef from Argentina and Uruguay, are on the list. Since these items are obtained directly from the importer, never leaving the zone, the cost of United States customs is saved. The cigarettes and smoking tobacco are also, because of the zone, free of excise taxes.

Yet other humanitarian purposes are and have been served. The zone has received several thousand vans and crates of furniture and personal effects, in many instances the sole possessions of European refugees. These people, summarily banished from their homeland and forced to take up temporary residence until their United States immigration quota number is reached or until they are able to make more permanent arrangements elsewhere, are thus aided in saving the little they have been able to retain.

Aids Our Allies

Important as these functions are, the zone has other equally important uses, not the least of which is its usefulness in aiding our allies in their war effort. In several warehouses are racked barrels, containing thousands of gallons of Eng-

lish, Scotch, and Irish whiskies, and other liquors. With the exchange thus obtained, Britain was able in 1940 to purchase $30,878,191 worth of war materials.

Again one might ask, how does the Zone help in this? First, the whiskies and liquors may be aged in wood on this side and losses due to "shrinkage" or evaporation may be made up before customs entry. Further, a considerable quantity of liquor is bottled in the zone. Import duty is paid on the bottled quantity and not on the wastage of the bottling operation.

A similar case is that of Netherlands East Indian tobacco. Following the Nazi invasion of the Netherlands, Dutch East Indian exporters of Sumatra and Java tobacco established an American frascati, or tobacco market, at the foreign-trade zone.

Named and built to resemble the frascati at Amsterdam and Rotterdam, where Dutch East Indian tobacco had been sold to the world for 80 years, the American market is intended to replace the sales centers destroyed in the invasion of the Netherlands.

Thousands of bales of the thin leaf Sumatra tobacco, valued at $25,500,000, were received in the zone warehouses during the year 1941. The tobacco is used as wrapper in cigar manufacturing.

The Sumatra tobacco auctions are unlike American tobacco auctioning. Wearing cloth aprons, the buyers sit at desks in the main sample room or in private compartments about it. Each buyer plucks leaves from sheaves of sample tobacco served on wicker platters. After examining it for color and shape, he moistens the leaf, pulls out the stem and cuts or tears it into a rough "wrapper" shape.

The test wrapper is rolled about one of the buyer's own company's cigars, of which several boxes are usually handy. Lighted, the reconstructed cigar is posed on the desk top to be observed for color and texture of the ash, as well as the taste of the smoke. As many as six cigars may be going at once on the desks of the buyers, who sometimes hire assistants to help them smoke.

Natural Light Alone Used

Details are jotted down in a notebook as the work proceeds, and by sale time the purchaser has calculated the price he can pay for Sumatra wrappers for his nickel or 10-cent cigars. He must keep in mind a $1.50 a pound import duty on tobacco for domestic consumption.

Insistent on carefully regulated conditions for the sampling, the buyers will examine tobacco only under natural lighting. Overhead windows catch the light, and an air-conditioning plant maintains constant temperature and humidity in the frascati. When the sun goes down the sampling ends for the day.

In this manner, our allies, the indomitable Dutch, have paid for many of the planes and bombs with which they are now "pasting" the Japanese invaders.

Latin American Exchange Rates

NOTE.—Averages are actual selling rates for sight drafts on New York, in units of foreign currency per dollar, with the following exceptions: Uruguay and Cuba—United States dollars to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to 1 dollar.

Country	Unit quoted	Type of exchange	Annual average rate		Average rate		Latest available quotation	
			1939	1940	Oct. 1941	Nov. 1941	Rate	Date
Argentina	Paper peso	Official A	3.70	3.73	3.73	3.73	3.73	Jan. 29
		Official B	[1] 4.32	4.23	4.23	4.23	4.23	Do.
		Bid					4.93 / 4.98	Jan. 27
		Free market	4.33	4.37	4.24	4.20	4.24	Jan. 29
Bolivia	Boliviano	Controlled	32.34	39.09	46.46	46.46	46.46	Jan. 31
		Curb	[2] 45.46	56.71	50.00	49.17	48.25	([10])
Brazil	Milreis	Official	16.829	[4] 16.500	[4] 16.500	[4] 16.500	[4] 16.500	Jan. 24
		Free market	[3] 19.706	19.789	19,678	19.650	19.650	Do.
		Special free market	[3] 21.545	20.700	20.659	20.600	20.600	Do.
		Curb	20.826	21.421	20.358	20.432	19.920	Do.
Chile	Peso	Official	19.37	19.37	19.37	19.37	19.37	Jan. 21
		Export draft	25.00	25.00	25.00	25.00	25.00	Do.
		Curb market	32.47	33.04	33.65	33.53	31.50	Do.
		Free	31.04	31.05	31.15	31.15	31.15	Do.
		Gold exchange	29.86	31.05	31.15	31.15	31.15	Do.
		Mining dollar		[5] 31.13	31.15	31.15	31.15	Do.
		Agricultural dollar			31.15	31.15	31.15	Do.
Colombia	do	Controlled	1.75	1.75			1.755	Oct. 17
		Bank of Republic	1.755	1.755			1.755	Do.
		Stabilization Fund		([6])			([9])	
		Curb	1.78	1.93			1.80	Oct. 17
Costa Rica	Colon	Uncontrolled	5.67	5.70	5.82	5.81	5.87	Feb. 6
		Controlled	5.62	5.62	5.62	5.62	5.62	Do.
Cuba	Peso	Free	.93	.90	1.00	1.00	1.00	Feb. 7
Ecuador	Sucre	Central Bank (Official)		[7] 16.42	15.00	15.00	15.00	Jan. 24
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	2.04	Do.
Mexico	Peso	Free	5.18	5.40	4.86	4.86	4.86	Jan. 31
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	5.00	Do.
		Curb	5.35	6.36	5.66	5.61	5.15	Do.
Paraguay	Paper peso	Official		[8] 70.00	334.48	333.00	333.10	Dec. 27
Peru	Sol	Free	5.33	6.17	6.50	6.50	6.50	Jan. 31
Salvador	Colon	do	2.5	2.5	2.5	2.5	2.5	Do.
Uruguay	Peso	do	.3626	.3755	.4550	.4791	[9] .5263	Do.
		Controlled free	.4995	.5267	.5266	.5266	.5266	Do.
Venezuela	Bolivar	Controlled	3.19	3.19	3.35	3.35	3.35	Do.
		Free			3.77	3.95	3.71	Do.

[1] Aug. 22–Dec. 30.
[2] July–Dec.
[3] Apr. 10–Dec. 30.
[4] For commitments of the Government only.
[5] July 13–Dec. 31.
[6] For Class 2 merchandise.....1.795 (May–Dec.)
For Class 3 merchandise.....1.87 (July–Dec.)
For Class 4 merchandise.....1.95 (July–Dec.)
These rates prevail at present.
[7] June–Dec.
[8] Paraguayan pesos to 1 Argentine peso.
[9] In addition there is "compensated exchange," the rate for which is 20 percent above the free rate.
[10] Middle of January.

NOTE.—See Argentina "Exchange and Finance" in Foreign Commerce Weekly of October 4 for rates announced on September 2, as applying to automotive equipment, agricultural machinery, and merchandise in customs on August 27.

By no means, however, is this venture to be dismissed as one that will die as soon as the present war emergency passes. Representatives of the Dutch tobacco interests may well point to their investment of upward of $1,000,000 in warehouses, salesrooms, and other facilities on the zone grounds. The New York foreign-trade zone is and, according to Mr. Justus Heymans, vice president of the Netherlands Indies Produce Corporation, will remain the world Sumatra tobacco market.

Recent Activities Summarized

Recent activities of the New York foreign-trade zone are well summarized in the twenty-ninth annual report of the Secretary of Commerce.

"While shipments from continental Europe to the zone have practically ceased, traffic from other areas has grown greatly, particularly in products heretofore distributed directly through European channels. Sumatra tobacco, for example, formerly shipped to the Netherlands for sale, was largely moved to the zone when the growers erected a special building for inspection of samples. So successful were the sales that growers decided to build a permanent warehouse at the piers.

"Other major zone activities included: Expansion of facilities for cleaning and manipulating tungsten ore and antimony; rehandling of Chilean copper for transshipment to England and France (before the German occupation) for entry into the United States; expansion of equipment for labeling and repacking of corned beef from Argentina and Uruguay; transshipment of Brazilian cotton to Canada, China, and Japan.

"The expansion of the New York foreign-trade zone activities during 1940–41 indicates the value of well-planned and adequately equipped zones in other strategically located ports.'

Announcements Under the Reciprocal Trade Agreements Act

Trade Agreement Calendar

Trade Agreements Signed

Country	Date signed	Date effective
Cuba	Aug. 24, 1934	Sept. 3, 1934
Belgium	Feb. 27, 1935	May 1, 1935
Haiti	Mar. 28, 1935	June 3, 1935
Sweden	May 25, 1935	Aug. 5, 1935
Brazil	Feb. 2, 1935	Jan. 1, 1936
Canada (see revised agreement below)	Nov. 15, 1935	Do.
Kingdom of the Netherlands (Netherlands in Europe, Netherlands India, Surinam, and Curaçao)	Dec. 20, 1935	Feb. 1, 1936
Switzerland	Jan. 9, 1936	Feb. 15, 1936
Honduras	Dec. 18, 1935	Mar. 2, 1936
Colombia	Sept. 13, 1935	May 20, 1936
Guatemala	Apr. 24, 1936	June 15, 1936
France and its colonies, dependencies, and protectorates other than Morocco	May 6, 1936	Do.
Nicaragua [1]	Mar. 11, 1936	Oct. 1, 1936
Finland	May 18, 1936	Nov. 2, 1936
El Salvador	Feb. 19, 1937	May 31, 1937
Costa Rica	Nov. 28, 1936	Aug. 2, 1937
Czecho-Slovakia [2]	Mar. 7, 1938	Apr. 16, 1938
Ecuador	Aug. 6, 1938	Oct. 23, 1938
United Kingdom, including Newfoundland and the British Colonial Empire	Nov. 17, 1938	Jan. 1, 1939
Canada (revision of agreement of 1935)	do.	Do.
Turkey	Apr. 1, 1939	May 5, 1939
Venezuela	Nov. 6, 1939	Dec. 16, 1939
Cuba (supplementary agreement)	Dec. 18, 1939	Dec. 23, 1939
Canada (supplementary agreement)	Dec. 30, 1939	Jan. 1, 1940
Canada (supplementary agreement)	Dec. 13, 1940	Dec. 20, 1940
Argentina	Oct. 14, 1941	Nov. 15, 1941
Cuba (supplementary agreement)	Dec. 23, 1941	Jan. 5, 1942

[1] Certain provisions of the trade agreement ceased to be in force as of Mar. 10, 1938.

[2] The operation of this agreement was suspended as of Apr. 22, 1939.

Summaries of the provisions of each individual agreement are published in FOREIGN COMMERCE WEEKLY promptly after signing. Complete files of the official analysis of each of the agreements, as well as the summaries published by this Department, are available for examination at all field offices of the Department of Commerce. Copies of such analyses or summaries for any particular agreement, figures for United States trade with "Agreement Countries," and general information regarding the aims, procedure, and operation of the Reciprocal Trade Agreements Program may be obtained from the Trade Agreements Unit of the Bureau of Foreign and Domestic Commerce at Washington.

[A compilation of all changes in the import duties of the United States since the passage of the Tariff Act of 1930, including all duty reductions or bindings by the United States under the trade agreements signed to date, arranged by schedules and paragraphs of the Tariff Act, has been prepared by the U. S. Tariff Commission in the form of a pamphlet. This is obtainable from the Superintendent of Documents, Washington, D. C., for 5¢ cents per copy.]

Countries With Which Intention To Negotiate Has Been Announced

Country	Date of issuance of notice	Latest date for submitting written statements	Date for oral presentation of views
Chile	Oct. 2, 1939	Nov. 11, 1939	Nov. 27, 1939
Uruguay	May 13, 1941	June 12, 1941	June 23, 1941
Iceland	Nov. 17, 1941 [3]	Dec. 8, 1941	Dec. 15, 1941
Peru	Dec. 29, 1941	Jan. 24, 1942	Feb. 2, 1942

[3] Supplementary announcement, Nov. 19, 1941; briefs to Dec. 8, 1941; public hearings, Dec. 15, 1941.

[Detailed information, trade figures, and copies of the lists of products to which the United States announced it would give consideration for concessions, at the time or giving formal notice of intention to negotiate with each of the above countries, are available upon request to the Trade Agreements Unit, Bureau of Foreign and Domestic Commerce or any of the field offices of the Department of Commerce, as well as from the Committee for Reciprocity Information or the Department of State.]

NOTE.—The above Trade Agreements Calendar will appear, for the present, in the issue nearest the middle of the month of FOREIGN COMMERCE WEEKLY, instead of each week as formerly.

U. S. Raw-Material Imports Showed Big Gains Last Year

Imports of 10 important raw materials vitally necessary to this Nation's war-production effort rose to 6,500,000 tons in 1941, compared with 2,250,000 tons in 1938, the United States Maritime Commission revealed several days ago.

This increase of approximately 200 percent was achieved through cooperative action by the Commission through its Division of Emergency Shipping and the ship operators—despite withdrawals of foreign-flag vessels from vital trade routes and the allocation of a large amount of tonnage of United States registry to the Army and Navy.

In the last 6 months of 1941, imports of these 10 commodities were larger than for each of the calendar years, 1938 and 1939, and almost as large as for the entire calendar year 1940.

The percentage increase for the calendar year 1941, compared with 1938, follows: Bauxite, 195 percent; chrome, 240 percent; copper, 205 percent; cork, 103 percent; graphite, 693 percent; mica, 88 percent; manganese, 136 percent; rubber, 145 percent; tin, 279 percent; and wool, 853 percent.

In 1938 these 10 commodities comprised 11 percent of the total dry cargo imports into the United States. In 1940 they formed 15 percent of the total, while in 1941 they made up approximately 23 percent of dry cargo imports.

The transportation of these commodities, with the exception of bauxite, involves long ocean hauls. Even before the entry of the United States into the war last December, the bringing of basic commodities from such far-distant areas was beset with difficulties.

The monthly rate of import for the last 6 months of 1941 exceeded by 45,000 tons the monthly rate estimated by the Office of Production Management as necessary to our war effort.

The skilled and experienced expediters or "trouble shooters," representing the Maritime Commission in key foreign ports where strategic raw materials are loaded, contributed substantially to the increase in tonnage of the 10 basic commodities. They are just what the name implies. They supervise the assembly of raw materials at the docks ready for loading. They help to bring about fast loading, with due regard for economies of space.

The Commission is now sending additional "trouble shooters" to other key ports to speed up further movement of materials for war-production needs.

Wanted: Dehydrated Vegetables

A Capetown (South Africa) firm desires to purchase dehydrated vegetables. Interested United States concerns who desire to send samples, quote prices, and specify packaging methods may obtain the name of this firm upon application to the Bureau of Foreign and Domestic Commerce, Washington, D. C.

U. S. Export Control Act Announcements

Developments communicated to the Adviser on Trade Controls up to Tuesday, February 17, 1942:

No. 255a—*Changes in Export License Requirements for Chemicals, Pharmaceutical and Medicinal Preparations*—Explanatory Statement.

The Office of Export Control has authorized the following explanatory statement as an amendment to Announcement No. 255 in FOREIGN COMMERCE WEEKLY for February 14:

With reference to the last two paragraphs, it should be noted that, without regard to value, the exportation of "all other chemical, medicinal, or pharmaceutical preparations, used solely for medicinal purposes" has been authorized to the "C" group countries under the six general licenses listed in paragraph 3 (Canada, G–1) through the Philippine Islands (G–63).

No. 257a—*Alteration of Effective Date of General License Changes—Amendment to Announcement No. 257, "Certain General Licenses Amended for Exports of Cocoa Beans, Cocoa and Chocolate."*

The Office of Export Control has advised Collectors of Customs that the effective date of the general license changes announced in No. 257 in FOREIGN COMMERCE WEEKLY for February 14, 1942, has been altered from midnight, February 15, to midnight, February 20, 1942. Cocoa beans, (powdered) cocoa, and chocolate laden aboard vessels or other export carriers prior to midnight, February 20, 1942, will not be affected by these changes.

No. 258a—*Alteration of Effective Date of General License Changes—Amendment to Announcement No. 258, "General Licenses for Exports of Certain Machinery and Certain Iron and Steel Manufactures Amended."*

The Office of Export Control has advised Collectors of Customs that the effective date of the general license changes announced in No. 258 in FOREIGN COMMERCE WEEKLY for February 14, 1942, has been altered from midnight, February 15, to midnight, February 20, 1942. Machinery (Agricultural Implements), electrical machinery and apparatus, and iron and steel manufactures included in that announcement and laden on board vessels or other export carriers prior to midnight, February 20, 1942, will not be affected by these changes.

No. 260—*Restriction of General Licenses for Exportation of Automobile Tire-Service Equipment and Parts.*

The Office of Export Control has notified Collectors of Customs that effective immediately the exportation under general license of automobile tire-service equipment and parts (including vulcanizers, rim tools, tire spreaders, etc. (Department of Commerce Schedule B No. 7934)) has been changed from Group "K" countries, as shown on page 43 of Comprehensive Export Control Schedule No. 5, and limited to Canada, Great Britain and Northern Ireland, Newfoundland, Greenland and Iceland. Individual licenses will hereafter be required for the exportation of this equipment and parts thereof to all other destinations.

No. 261—*Export Control on New Domestic Mechanical Refrigerators Tightened.*

On February 14, 1942, the Office of Export Control has requested Collectors of Customs not to clear for exportation until further notice, new mechanical refrigerators for domestic use run by gas, gasoline, kerosene, or electricity, with the following exceptions:

Those on docks, or lighters, or laden aboard vessels; and shipments en route from manufacturers or dealers pursuant to orders for actual export.

Shipments under General License GUS, and those under the Lend-Lease Act or consigned to the United States Armed Forces are not affected by this order.

No. 262—*Well and Refining Machinery Under Unlimited License to British Empire and Egypt Defined.*

The Office of Export Control has notified Collectors of Customs that the unlimited license held by the British Purchasing Commission authorizing exports of well and refining machinery (see page 74 of Comprehensive Export Control Schedule No. 5) to all parts of the British Empire, including Eire, and to Egypt shall apply only to the following:

Commodity	Schedule B, Department of Commerce No.
Petroleum and gas well-drilling apparatus and parts	7342
Equipment for the production of aviation motor fuel and aviation fuel oil	7349.01
Petroleum- and gas-well equipment and parts (but not Diesel-engine parts for oil-field use)	7349.05
Other petroleum well and refining machinery and parts:	
Petroleum refining machinery, equipment and parts	7349.09
Other petroleum well and refining machinery and parts	7349.98

No. 263—*General Licenses on Tractors (All Kinds) New or Used, and Parts and Accessories Now Limited to Five of the Group C Countries.*

The Office of Export Control has notified Collectors of Customs that all agricultural machinery listed under numbers 7800 through 7899 on pages 56–57 of Export Schedule B (see announcement No. 258 in FOREIGN COMMERCE WEEKLY for February 14) may now be exported under general license only when sent to Canada (G–1), Great Britain and Northern Ireland (G–2), Newfoundland (G–47), Greenland (G–61), and Iceland (G–62).

This removes the privilege of shipment of all tractors and parts, including tracklaying tractors of both carburetor and injection types, wheel tractors new, engines for tractors, all types of used tractors, and parts and accessories for tractors (Schedule B numbers 7873 through 7889), and limits it to the countries mentioned in the first paragraph.

The exportation of other agricultural machinery under general license (see page 38—page 64 for threshers—of Comprehensive Export Control Schedule No. 5) was limited to these same countries earlier in this month, as announced in No. 258, mentioned above, in FOREIGN COMMERCE WEEKLY for February 14.

Washingtonians See Exhibit of Hemisphere Products

Thousands of Washingtonians recently saw the exhibit of agricultural and mineral wealth of the other American republics which during 1941 toured the country in connection with Pan American Day celebrations held in various communities of the United States.

Some 55 different displays comprised the exhibit. Arranged against specially designed natural backgrounds or in typical Spanish-American and Brazilian settings were such products of the good-neighbor countries as henequen, chicle, coconuts, coffee, bananas, rubber, spices, wax products, tropical fibers, and woods.

Mineral exhibits included tungsten, tin, mercury, manganese, industrial diamonds, nitrates, and others. There were also supplementary displays on the Pan American Highway, the work of the Pan American Union, the handicrafts, graphic arts, postage stamps, and currency of the other Americas.

More than 200,000 persons saw the exhibit during 1941 in the States of Iowa, Kansas, Nebraska, and Colorado, at community fiestas. Additional thousands saw it last December at the Midwest Industrial and Defense Exposition in Kansas City, Mo.

Sponsored by the United States Department of Agriculture, the exhibit after its Washington showing was sent on tour in connection with 1942 community celebrations. Its chief purpose is to promote knowledge about products of the other American republics and to show the economic interrelationship of the Western Hemisphere.

More than half the people of this hemisphere depend on agriculture for a living, the Department of Agriculture points out. What benefits agriculture, therefore, can contribute greatly to the economic welfare and the political solidarity of the Americas.

Trade Mark Applications

Argentina.—The following applications for trade-mark registration were published in the Beletin Oficial of January 27, 1942. Opposition must be filed before March 2, 1942.

Trade-mark	Class number and commodity
Cristal	No. 23—Entire class.
Sunflower Brand	Not stated.

Brazil.—The following applications for trade-mark registration were published on the dates indicated in the Official Gazette of Brazil. Opposition must be filed within 60 days from date of publication.

Trade-mark	Class No. and commodity	Date of publication
		1942
Peaco	No. 5—Articles of the class	Jan. 27
	No. 11—Scythes, hoes, shovels, axes, adzes, pick-axes, and other cutting and perforating tools for carpenters and bricklayers.	
Cholebilina	No. 3—A pharmaceutical preparation.	Do.
Marlim	No. 41—Flour foods, paste foods such as macaroni, etc., and cereals.	Jan. 28
"Banquete"	No. 41—Vinegar	Jan. 29
Manatan	No. 3—A preparation to be used in medicine and in pharmacies.	Do.

Chile.—The following applications for trade-mark registration were published in the Diario Oficial of Santiago. Opposition must be filed within 30 days from the date of publication.

Trade-mark	Class No. and product	Date of publication
"Excelsior"	No. 19—Lubricating oils and greases, etc.	Feb. 1, 1942.
"Palmolive"	No. 56—Toilet articles.	Do.
"Novopin Compact"	No. 57—Products of perfume and for toilet use.	Do.
"Banojo"	No. 75—Chemical and pharmaceutical products.	Do.
"Sulfadiazine Abbott"		
"Best"		
"Sanax"		
"Polipeptona"		
"Alergopepton"		
"Zoopepton"		
"Alergopeptin"		
"Multipepton"		
"Pluripeptol"		
"Peptopluril"		
"Antialergico Laboratorio Chile".		
"Peptozon"		
"Peptoalergon"		
"Lergopepsin"		
"Peptonal"		
"Laboratorio Hosfocal"		
"Phensic"		
"Ultracarbon"		
"Euclorina"		
"S"		
"Cresan"		
"La Favorita"		
"Venilase"		
"Venilasn"		
"Digebil"		
"De-sensi-vit"		
"Novopin Compact"		
"Lavendor"		

El Salvador.—The following applications for trade-mark registration were published in the Diario Oficial, San Salvador. Opposition must be filed within 90 days from date of publication.

Trade Mark	Commodity	Date of publication
		1942
Benbisal	Chemical and pharmaceutical product.	Jan. 13.
Neuryl	do	Do.
Amea	Coffee mark (washed coffee)	Jan. 23.
Asca	do	Do.
Lvli	do	Do.

Uruguay.—The following applications for trade-mark registration were published in the Diario Oficial of Montevideo, on the dates noted. Opposition must be filed within 30 days from date of publication.

Trade-mark	Product	Date of publication
		1942
Cinepress	Paper, stationery, etc	Jan. 20.
Rex	Building material	Do.
Slack	Ready-to-wears, dry-goods, etc.	Do.
Hexestil	Drugstore and chemical products.	Jan. 21.
Pirodiazine	do	Do.
Galediazine	do	Do.
Bachiller	Paper, stationery, etc	Do.
Wellington	Tobacco, cigarettes, etc	Jan. 22.

Contributors' Column

Carter R. Bryan.—Born Peoria, Ill., June 17, 1911. University of Arizona, September 1934 to June 1935; University of California, September 1935 to June 1937, B. A. Institute of International Education Exchange Scholar, University of Vienna 1937–38. Rerum politicarum Doktor (Ph. D. Political Science and Economics), University of Vienna, 1940. Vienna staff correspondent United Press, February–April 1938. Southeast European correspondent (Vienna) of the *Times* (of London) April 1938–September 1939, and Vienna correspondent New York *Times*, July 1938–January 1940. Author of: "Deutsch-amerikanische Handelsbeziehungen," numerous political and economic articles and reports, published in above-mentioned and other publications. While in Germany made extensive studies of free ports in operation. Since September 1940 international editor (FOREIGN COMMERCE WEEKLY and International Reference Service) of the Bureau of Foreign and Domestic Commerce, Department of Commerce.

United States Helps Put Electric Power on Farms of Other Americas

Methods for bringing cheap electric power to the farms of Central and South America are being studied in the United States by engineer from several of those countries. These engineers hope to develop the potentially enormous power resources of the American republics so that agriculture may be modernized and the standards of living of rural populations raised.

Eight of these engineers, from Argentina, Chile, Colombia, Guatemala, Honduras, Mexico, Peru, and Uruguay, recently completed more than half a year's study of rural electrification in the United States. They have learned that the secret lies in cooperation and government financing.

They have learned, too, from Rural Electrification Administration officials that the cost is not out of proportion to the ability of their countries to pay. The United States, with nearly 1,200,000 individuals using the facilities of the Rural Electrification Administration, needs only about $8 a year from each farmer to pay the entire cost of building plants, stringing wires, and installing equipment. Cost of the 824 individual projects in operation averages less than $450,000. The projects serve about 1,417 consumers each.

Nearly all of the projects are cooperatives, formed and operated by the farmers who use the power. Although a large proportion of them were started in the agricultural areas with natural power, they have proved so profitable that they are more than $2,000,000 ahead of their scheduled payments.

Not only do the farms gain from comfort, health, and greatly increased production, thanks to the use of electrical equipment, but the projects are able to stimulate local industries that use the farmers' products and supply them with finished goods. The result is a better price for the raw materials and a cheaper source of such things as shoes and textiles.

Experts who have studied the problem for the whole hemisphere believe that South and Central America offer a fertile field for the same type of development.

Trade Lists Available

The Commercial Intelligence Unit has recently compiled the following trade lists of which mimeographed copies may be obtained by American firms from the Bureau of Foreign and Domestic Commerce or its regional or district offices by referring to the titles. The price is $1 per list for each country.

Architects, builders, contractors, and engineers, Uruguay.

Electrical supplies and equipment, importers and dealers, Uruguay.

Hardware, importers and dealers, Argentina.

Hardware, importers and dealers, Honduras.

Petroleum and petroleum products, importers and dealers, Haiti.

Textile industry, Uruguay.

New Books and Reports

★ The following publications, added to the Department's research facilities through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of Current Interest Appearing in the Department of State Bulletin, February 7, 1942.

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the price of 10 cents each; subscription price, $2.75 a year. The February 7 issue contains these articles:

THIRD MEETING OF MINISTERS OF FOREIGN AFFAIRS OF THE AMERICAN REPUBLICS.
Statement by the Secretary of State.
Final Act.

EXCHANGE OF OFFICIAL REPRESENTATIVES OF COUNTRIES AT WAR.

FINANCIAL AID TO CHINA.

AMERICAN OFFICIALS AND NATIONALS IN THE FAR EAST.

DECLARATIONS OF WAR BY BELLIGERENT COUNTRIES.

VISIT TO THE UNITED STATES OF BRAZILIAN MINISTER OF FINANCE.

DEATH OF AMERICAN MINISTER RESIDENT IN IRAQ.

FOREIGN SERVICE PERSONNEL CHANGES.

Other Publications

CUMULATIVE SUPPLEMENT TO "CHANGES IN IMPORT DUTIES SINCE THE PASSAGE OF THE TARIFF ACT OF 1930." United States Tariff Commission. 1942. 44 pp. The printed pamphlet issued in January 1939 contains all such changes up to and including January 1, 1939. Since the new laws have been enacted, new trade agreements have been proclaimed, and other events have occurred which have brought about additional changes in duties and in the application of rates of duty. The present supplement, which supersedes previous supplements, includes all changes effective since January 1, 1939, up to January 15, 1942, and is intended for use in conjunction with the printed pamphlet.

Available from: U. S. Tariff Commission, Washington, D. C.

WAR AS A SOCIAL INSTITUTION—THE HISTORIAN'S PERSPECTIVE. Jesse D. Clarkson and Thomas C. Cochran (Ed.) 1941. 333 pp. Price, $3.50. In this volume the subject of war is approached from five different positions: the causes of war, its strategy and tactics, its effect upon the conception of neutrality, its larger influence on social institutions, and implications of the present war to the United States. The subject of war is treated in terms of psychology, geography, economics, public finance, politics, foreign policies, and history. The major portion of the book is devoted to the effects of the last war upon the institution of American democracy, upon economic institutions, upon the welfare and industrialization of Japan, war's relation to modern dictatorship and its influence on the standards of living of Russian workers. The book also considers the possibilities or impossibilities of isolation, and the effect the war has had or might yet have upon our foreign policy.

Available from: Columbia University Press, 2960 Broadway, New York, N. Y.

In Colombia, a small market exists for personal weighing, coin-operated scales. About two-thirds of the machines use a 5-centavo coin and the others 2 centavos. The sale of household scales is small because of the prohibition on importation of spring scales.

The Anti-Nazi Committee of San Francisco, composed of a group of German-Americans, has telegraphed the President its pledge to "join the national defense efforts * * * in full cooperation" and describing its members as "strong in conviction for democracy and peace for all peoples, strong in determination to fight with all power against the enemy."

OEM Defense photo

U. S. DEPARTMENT OF COMMERCE

INTERNATIONAL REFERENCE SERVICE

This service, containing data on FOREIGN economic and commercial conditions; market areas; industrial developments; international shifts of capital; transportation; export and import data; monetary, financial, and budgetary developments; foreign commercial laws; tariff restrictions and regulations, etc.; was inaugurated January 1941, Volume I, Nos. 1 to 67, inclusive. Copies of the reports, Nos. 1 to 66, inclusive (except No. 6, which is out of print) are available at the single copy price shown, or $3 for the entire set (except No. 6), from the Superintendent of Documents, Government Printing Office, Washington, D. C. Copies of No. 67, Summary of Foreign Trade of the United States—Calendar Year 1940, are available without charge from the Bureau of Foreign and Domestic Commerce, Washington, D. C., as long as the limited supply lasts. Issuance of the International Reference Service was suspended for the duration of the war, December 1941. Similar material, when available for public use, will appear in FOREIGN COMMERCE WEEKLY; annual subscription $4.50, from Superintendent of Documents.

VOLUME I

No. 1. Marketing Areas in Brazil, 5 cents
No. 2. Preparing Shipments to Colombia, 5 cents.
No. 3. Bankruptcy Procedure in Australia, 5 cents.
No. 4. Education for the U. S. S. R.'s New Trained Labor Reserve, 5 cents.
No. 5. Preparing Shipments to Venezuela, 5 cents.
No. 6. Impact of the War Upon the Trade Policies of Foreign Countries. [Out of print.]
No. 7. Trade of the U. S. S. R. with the United States in 1940, 5 cents.
No. 8. British Financial Agreements with Foreign Countries, 5 cents.
No. 9. Turkey: Basic Economic Position and Recent Changes, 5 cents.
No. 10. Trade of the United States with Japan, China, Hong Kong, and Kwantung, 5¢.
No. 11. Preparing Shipments to Argentina, 5¢.
No. 12. Spanish Government Nationalizes Normal-Gage Railways, 5 cents.
No. 13. Preparing Shipments to Nicaragua, 5¢.
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